Chapter - III

REVIEW OF LITERATURE
3.1 JOB SATISFACTION: THE ANTECEDENTS, CONSEQUENCES AND CORRELATES

Job satisfaction has been a matter of public concern and research interest since Robert Hoppock published 'job satisfaction' in 1935. The seven decades since have seen an explosion of material on the topic, with hundreds of books, journal articles, magazines reviews, and television programs addressing the phenomenon. In fact, Locke (1976) while writing a major review on the nature and causes of job satisfaction, states that a survey using the key words 'job satisfaction' yielded approximately 3350 articles or dissertations. When a computer search was conducted, using the same key words in 1991, the yield was 6247 articles or dissertations (Jayaratne, 1993).

In view of this plethora of relevant material, it is clearly impossible to provide a comprehensive review. In regard, to this an attempt has been made to reference critical articles and works etc., but at the same time effort has been made to represent the breadth of available material. Therefore, what is presented in this review, are reviews of selected articles, chapters and books, which, in the opinion of the scholar, provide good illustrations of this issue.
The extant theories have not changed sufficiently nor have dramatically new theories emerged to justify an extensive reanalysis of the topic. Most critics argue vehemently that the job satisfaction literature is not based sufficiently in theory. It is perhaps fair to say that this criticism would be applicable to a large proportion of the domains currently being studied in the organizational literature, such as job performance, turnover, motivation and any number of other related concepts.

Historically speaking, the term ‘job satisfaction’ came into vogue in 1935 when Hoppock published his classic work ‘job satisfaction’. As per his definition ‘job satisfaction is any combination of psychological and environmental circumstances that cause a person truthfully to say, “I am satisfied with my job” (Hoppock, 1959). Locke (1976) on the subject, opines that job satisfaction is a pleasurable emotional state resulting from the appraisal of one’s job or job experiences to the extent that a person’s job fulfils his dominant need and is consistent with his expectations and values. He further stresses that job satisfaction is really a collection of attitudes about specific facets of the job. Employees can be satisfied with some elements of the job while simultaneously being dissatisfied with others.

Research on job satisfaction has been quite exhaustively done in recent times. It is a concept which has been much researched and conceptualized (Daftuar 1982). The extent of research is such that several scholars believe that there is no more need to study it further (Baumgartel, 1983). However, even a birds eye view of the Indian management scene and/or even a very brief exposure to the general population of Indian managers show that the managers are hardly concerned about anything else more than the job satisfaction of their colleagues and subordinates and therein lies the significance of the job satisfaction research in India (Mehra et al., 1999). Various studies have been conducted by various researchers, professionals and training executives regarding different aspects of job satisfaction. However (Behdapudi and Leone, 2002; Danovan, et al; 2004; Brown et al; 2002; Manickavasagm and Sumity, 2000; Bansal, 2000; Daftuar, 2001; Srivastava et al, 2005; Okwu and Obiunne, 2000; Bagali, 2002 and Seema, 1999) have conducted studies on the job satisfaction and related areas in various service organizations and non-service organizations and have done a remarkable effort in developing innovative paradigms of thinking and contributions towards the betterment of
the organization through employees job satisfaction. There are some (Gollan, 2005) who have worked on employee involvement, Employee participation and decision making (Taylor, 1947; March and Simon, 1958; Likert, 1961’ Argyris 1964) job satisfaction (Morse and Reimer, 1956; Tannenbaum and Allport, 1956; Baugartel, 1957; Vroom, 1964) French et al, 1960; Patchen, 1970; Lowin, 1970; Ritchie and Miles, 1970; White and Ruh 1973; Alutto and Acito, 1974; Lischerson and Wall, 1975; Employment, Motivation and Job satisfaction (Baumgartel, 1956; Patchen, 1970; Sharma and Das, 1981; Performance and Job satisfaction (Bagozzi, 1980) Employee's Involvement and Performance (Gollan 2005). Most of these studies have focused on the combination of the various factors such as affiliation, extension, dependence, control, achievement motivation, self esteem, verbal intelligence, empowerment, behaviour based employee evaluation, formulization, fair compensation and work group socialization and have shown the influence of such factories on the employees' job satisfaction.

3.1.1 Theories of Job Satisfaction

In discussing the theories of job satisfaction, one common thread becomes obvious’ virtually all theories subscribe to the notion that ‘satisfaction’ is an effective state, which is a function of an interaction between a person and his or her environment. The differences lie in explaining the nature and character of the interactions. On the one hand, this degree of basic consensus is rather astounding, given the thousands of research studies reported in the literature. On the other hand, as Lawler (1973) and others have pointed out, the research on job satisfaction has been typically theoretical. Thus even after so much of time after the introduction of the term job satisfaction, its theoretical underpinnings are still undecided and remain critical of the research.

Despite these debates, two major theoretical perspectives have dominated the job satisfaction literature. As points of historical reference to the job satisfaction perspectives, different theories and reviews of job satisfaction have emerged in the literature i.e. Lawler (1973) identified four different theoretical approaches: fulfillment theory (e.g. Schaffer and Compbell, 1953; Vroom 1964), equity theory (e.g. Adams, 1965), discrepancy theory (Katzell, 1964; Locke (1969) and two-factor theory (Herzberg, et al., 1957). Locke (1976) distinguished between process theories (or casual models of
job satisfaction) and content theories. Included in the process theories by Locke are the fulfillment, equity and discrepancy theories. In both classification systems, the work of Herzberg and his colleagues are afforded a unique category: two factor theory by Lawler and content theory by Locke.

3.1.2 Expectancy Theories

The perspective argues that an individual's assessment of job satisfaction is a function of the discrepancy between what an individual expects from the job and what the individual receives. In most formulations of this theory, that which is received is viewed as having either some tangible value or intrinsic value e.g. Vroom (1964) proposes two types of expectancies; the belief that effort will lead to good performance, and the expectations that good performance and the expectation will lead to rewards. Similarly, Katzell (1964) emphasizes the discrepancy between actual amounts of outcomes received and outcomes expected. Hollenbeck (1989) presents a more cognitive model, arguing that an individual’s affective responses are guided by perceived discrepancies between their sense of the present condition and some comparative references. Locke (1969) represents the majority perspective by focusing on perceived discrepancies between what is expected and that what is received. Because of the emphasis on discrepancy, some authors have preferred to distinguish between ‘discrepancy theory’ and ‘fulfilment theory’ in which the later is extent to which an individual’s needs are satisfied (e.g. Lawler, 1973; Schaffer, 1953).

The integration of expectancies with perceptions has created considerable debate with regard to the definition and measurement of ‘satisfaction’. Locke (1976) argues for distinguishing between expectancies (a discrepancy between what is expected from the job and what is attained), needs (the extent to which an individual, objective requirements are fulfilled by the job) and values (the extent to which an individual acquires from the job that which he or she wants or desires). In a similar vein (Lawler (1973) notes that there are basically three different approaches to the study of expectancy; the first looks at peoples wants, the second at what people feel they should receive, and third at what people expect to receive. When expectancy theory is conceived in this manner, accurate
representation of job satisfaction would require estimates of discrepancy between what an individual receives and wants (values), receives and needs and receives and expects.

A classical model of this perspective is seen in the person – environment fit (P – E fit) theory (Pervin 1968; French, et al., 1974; Caplan, 1987). In one of the more widely employed formulations of this perspective, fit refers to the relationship between characteristics of the person (needs and abilities) and characteristics of the environment (resources and demands) measured along commensurate dimensions (Caplan, 1987). In some situation behaviour is determined mostly by the environment. However, environments are identical or nearly so, individual differences may result in different behaviours. In other instances, the person and environment will interact, producing a new dimension of the behaviour or a totally new behaviour or event that was not found either in the person or the environment prior to that interaction. The model, in effect, predicts changes in affective responses addressing the P-E fit theory should measure all the variables necessary to determine whether a given population responds as a function of person, environment, the interaction between the two which may constitute an impossible task.

3.1.3 Two Factor Theory

The motivator – hygiene (or two-factor) theory was developed by Herzberg, et al., (1959). In its simplest form, the theory argues that job satisfaction is a result of the presence of ‘motivator’ factors (elements of work itself, such as promotion and recognition) and job satisfaction is the result of the lack of hygiene factors and to decrease job dissatisfaction one must impact the hygiene factors. Thus according to this theory, increasing job satisfaction does not necessarily mean that there will be a reduction in job dissatisfaction because dissatisfaction is tied to a different set of job dimensions. It is this presumed dichotomy that distinguishes the theory and lends itself to the label of ‘two factor theory’. In attempting to distinguish the causes of dissatisfaction from the causes of satisfaction, this perspective opened itself to substantive criticism (Jayarathne 1993).

There have been many detractors of this theory and has been found as the most controversial theory. The primary criticism of the theory are three fold (1) it is method –
bound, the only way to obtain same results as Herzberg and his colleagues to use the same methodology (2) the factors for dissatisfaction and satisfaction overlap, and therefore, the polar distinction does not hold true; and (3) the methodology employed by Herzberg et al; does not distinguish between “events” (what happened) and “agents” (who made it happen) (Brayfield, 1960; Dunnette, et al; 1967; Ewen, 1964; Gaziel, 1986; Locke, 1976; Soliman, 1970).

Despite the heavy criticism, the two factor theory remains a mainstay in the job satisfaction literature. The theory provides an important distinction between physical and psychological needs and ties work to psychological well being and growth by emphasizing the idea that job satisfaction is associated with the nature of work (Gaziel, 1986; Locke, 1976).

### 3.1.4 Job Satisfaction and Organisational Commitment

In the most basic sense, job satisfaction is a positive emotional state resulting from evaluation of one’s job experience. Job dissatisfaction occurs when one’s expectations are not met (Robert and Jackson 2004). No simple formula can predict an individual employees job satisfaction. Furthermore, the relationship between performance and job satisfaction is not entirely clear. The critical factor is what employees’ expect from their jobs and what they receive as rewards from their jobs. It is even though job satisfaction itself is important, perhaps the “bottom line” is the impact that job satisfaction has on organizational commitment, which affects employer turnover and organisational performance (Daniel, 2001). The following figure depicts the interaction of the individual and the job and determines levels of job satisfaction/dissatisfaction and organizational commitment.
If an individual experiences job dissatisfaction, there is a high probability that there will be negative personal repercussions, as well as the likelihood that other areas of that person's life will be negatively affected. Seashore and Taber (1975) make a definitive statement in this regard that job satisfaction is in the normal case a transitional or temporary state which prompts some sort of accommodative or adaptive behaviour and in this limited sense is a partial "cause" of that behaviour. In contrast, the experience of a positive job satisfaction tends to perpetuate the psychobiological behaviours that induced, or are otherwise associated with, the experience of satisfaction. These individual accommodative processes become significant at the organizational or the societal levels to the degree that they are prevalent and to the degree that they affect the integrity of the organization and/or society. It is an empirical fact that there is an abundant array of
personal, organisational and societal symptoms that have been loosely correlated with job satisfaction (Jayarathne, 1993).

At present level, a great deal of research has associated job satisfaction with well being, e.g. job satisfaction has been associated with psychosomatic illness (Quinn, et al., 1974); heart disease risk factors (French and Caplan, 1972); Substance abuse (Mangione and Quinn, 1973); anomie and hopelessness (Winefield et al, 1991); mortality (O'Toole, 1975) and depression (O'Brein and Feather, 1990). In fact, Winefield et al; (1991) conclude from their longitudinal study of young adults that from the perspective of psychological well-being, those who are dissatisfied with their job are similar to the unemployed when compared with those who are satisfactorily employed.

In addition considerable evidence suggests that dissatisfaction with the job results in a negative spillover to other areas of personal well being e.g.; job satisfaction is positively correlated with life satisfaction (Andrew and Withey, 1978; Compbell et al; 1976; Near et al; 1987; Pottick, 1989) as well as with marital and family relationships (Bromet, et al., 1990; Lambert, 1990; Weiss, 1990; Zedeck et al; 1985).

At the organizational level, the empirical findings are equally viable. Job satisfaction has been associated with work related fatigue and injury (Quim and Sheppard, 1974); theft and sabotage (Mangione and Quinn, 1973) turnover (Lawler 1973); absenteeism (Lawler 1973; Vroom 1964).

3.1.6 Measurement of Job Satisfaction

The measurement of job satisfaction has come to acquire the same fate as the measurement of intelligence. Since there is no agreement of intelligence on specific definition, generally questionnaires are developed to measure satisfaction with various aspects of work and the resultant behaviour or score is called job satisfaction. Today, as intelligence is defined as what is measured by intelligence test, job satisfaction can also be defined as what is measured by job satisfaction questionnaire (Saiyadain 2004). Most of the studies conducted on job satisfaction have been concerned with operationalising it rather than defining it. As per Locke (1969) such an approach describes that a certain relationship works, but tells nothing as to why it works. This seems to be the case with job satisfaction. Researchers have been found to be more interested in choosing the unit
of measurement from the several available tools, but little by way of a definition of job satisfaction has been attempted. However, despite the numerous attempts in the past, perhaps the earliest of all the known scales of measuring job satisfaction is that by Hoppock (1935). Although in its original form, job satisfaction index by Hoppock is generally not used now, its variation can be spotted in the literature (Jayarthne, 1993).

Another attempt by Porter (1961) to measure job satisfaction has been through need satisfaction. Based on Maslow’s need hierarchy theory Porter developed a questionnaire consisting of 13 items. The scales devised, shows the discrepancy between expected and existing levels of fulfillment taken as an indicator of job satisfaction. The higher the discrepancy, the lower is the job satisfaction.

It is reasonable to argue that job satisfaction involves elements of individual personality, elements of the structural dimensions of the work environment or job context, elements of the nature of the work or job content, elements of the ‘people’ at work and finally, elements of how the world at large may view a particular job or occupation. In addition these elements may be idiosyncratic, culture specific, gender specific and different across occupation. The creation of a generic measure of job satisfaction, therefore, poses a formidable if not insoluble problem. In fact, Scarpello and Campbell (1983) posed the question, “is the job satisfaction construct so broad that the identification of the major determinants of overall job satisfaction is a futile task?”. Portigal (1976) posed a series of desirable characteristics for the development of a generic job satisfaction measure. Job satisfaction, studies have been conducted across an incredible diverse set of occupations, business executives, home care aids, police officers, product managers, railway employees, school psychologists, secretaries, social workers, stockbrokers, teachers and university faculty to name a few, which facets of the job are universal? Locke (1976) has identified job dimensions typically investigated in the research, Quality and quantity of work, Satisfaction with pay, Promotional opportunity and fairness, Recognition and credit for one’s work, Benefits programs associated with the job, Quality of working conditions, Number and quality of co-workers, Nature and style of supervision, Company and management.
A unique way of measuring job satisfaction was provided by Kunin (1955) Junin’s ‘Face’ scale consisting of 18 male faces with expressions ranging from a deep scowl to a broad smile. This basic idea was that the pictorial graphic scale would provide more accurate report of satisfaction because the feeling has not to be translated into words. The general method in using this approach consisted of providing statements measuring satisfaction with various aspects of work and inviting respondents to choose the face that best represents their feelings. The method was found to be quite useful till it was realized that female respondents find male faces inappropriate to represent their feelings. In order to make up this problem Dunham and Herman (1975) had 15 female faces drawn. These were then given to both male and female judges who were asked to rate these 15 faces on a 100 point scale ranging from neutral to happy face and neutral to unhappy face.

The representative sample of the variety of methods was used to measure job satisfaction. Some of these methods measure the overall job satisfaction while others look at satisfaction with specific aspects of work. Since satisfaction with one facet of the job may provide more reliable data. This is further supported in a study by Wanous and Lawler (1972) who found that 23 operational definitions based on 23 facets of job satisfaction did not yield empirically comparable measures of satisfaction. Some correlated better with the overall rating of job satisfaction than others. In a cross cultural study Saiyadain (1985) administered a more direct approach tapping overall satisfaction, to 620 Nigerian and 778 Indian employees, on the relationship of personal characteristics. They were asked to respond to these statements on a 6 point scale ranging from strongly agree to strongly disagree. Since some statements inter-correlated significantly, responses on them were added to get an overall score of job satisfaction.

3.2 HRD AND JOB SATISFACTION

The roots of HRD go as far back as the 1950s when writers like Drucker and McGregor stressed the need for visionary goal directed leadership and management of integration. This was succeeded by the Behavioural Science Movement in the 1960s, headed by Maslow, Argyris and Herzberg. The origin of HRD as a defined school of thought is usually traced back to the 1970s with the development of Human Resource Accounting Theory (Flamholtz; 1974).
The existing literature on HRM/HRD consists, broadly, of three models, the first model is a hard variant of HRM and is also called the matching model of HRM developed from Michigan and New York Schools (Chandler, 1962; Galbrith and Nathanson, 1978; Fombrun et al; 1984). The model speaks of human resources to be obtained cheaply, used sparingly and developed and exploited as fully as possible. The second is Harvard model or a 'soft variant' of HRM, first articulated by Beer et al; (1984). The soft model of HRM comprises policies and promotes mutuality in goals, influence, respect, rewards and responsibility. It emphasizes that policies of mutuality will elicit commitment, which in turn yield both, better economic performance and greater human development (Guest, 1995). It stresses the human aspects of HRM and is more concerned with the employer-employee relationship. The third is ‘5-P’ (Human Resource philosophy, policies, programmes, practices and processes) model of strategic HRM that reveals a new trend in which HRM is becoming an integral part of business strategy (Schuler and Jackson, 1987; Lengnick-Hall, 1988; Brewster and Larson, 1992; Schuler, 1992).

Presently the banking industry is facing three basic problems namely, decline in profitability trend, deteriorating customer service and employee – employer relationship. The analysis of these problems brings home a single factor mainly responsible for these problems and that is human factor and its management. The expansion in the operations was not in correspondence with the availability of positions of responsibilities to inadequately trained and inexperienced personnel. Due to this reason personnel portfolio could not be managed in the desired manner. In absence of the proper personnel management a discontented work force emerged which strengthened the trade union activities. A service industry like banking cannot afford to neglect the ‘human element’ because the efficiency of the employees determines, to a great extent, the quality of service rendered. The returns are directly related to service quality and customer satisfaction. The human resource in the banking or financial industry is not only important, but it is expensive and delicate too. A study on profitability in public sector banks has brought out that the manpower expenses claim more than 90 percent of the spread (interest earned minus interest paid) available on per 100 rupees volume of working funds (Gupta and Singh, 2005). This explains expensiveness of the resources. The human being is considered to be a complex creation in the world.
Priyadarshini and Venkatapaty (2004) while analyzing the impact of HRD on organisational effectiveness in the banking industry, conclude that HRD practices in the banks have a strong influence on their performance and greater the association between the HRD practices and organizational effectiveness, greater is the performance of the employees and their satisfaction. Agarwal (2002) attempted to explore employee perception of the adequacy of performance of HRD practices. Analysis of the study indicate that large percentage of employees viewed HRD practices as being inadequately performed in their organisations. The study concludes that organizations could gain valuable benefits such as developmental climate and employee satisfaction thereby increasing the marketing performance by way of improving the practice of HRD. A conceptual framework by Singh (1998) highlights the reasons for the importance of HR in the fast changing business world and identifies the most crucial conditions for introducing an HRD system effectively. A study by Mishra and Bhardwaj (2002) was undertaken to examine the nature of HRD climate as perceived by the three hierarchical levels of managers in a large private sector bank. Singh (2005) attempted to identify the relationship between human resource practices and the philosophy of the management with regard to Indian business scenario. The findings of the study indicate that the variables of HR practices were highly but negatively related to the philosophy of management. Prashant et al., (1999) attempted to explore the HR climate in manufacturing and service industry and its relation with the job satisfaction. It is evident from the study that job satisfaction is a significant correlate of the organizations HRD climate because HRD efforts if present in satisfactory form not only satisfy the employee needs, but also satisfies the group needs which ultimately increases their job satisfaction and job performance.

A study by Akhlesh and Mathew (1991) attempted to find out the perception about the jobs and the relationship of job characteristics to the desired work behaviour. The study concludes that there is a significant association between the job characteristics and the job satisfaction. Rainayi (2002) attempted to gauge the levels of HRD climate in two prestigious banks in the Indian banking industry. Srivastava (1985) conducted a study to examine the effect of various internal (HRD) factors and the external factors on the levels of job satisfaction.
3.2.1 HRD – For a Competitive Advantage

It has become a widely held premise that people provide organizations with an important source of sustainable competitive advantage. The resource based view suggests that the human resource system can contribute to sustained competitive advantage through facilitating the development of competencies that are firm specific and generate tacit organizational knowledge (Reed and DeFillipp, 1990; Barney, 1992; Wright and McMahan, 1992; Lado and Wilson, 1994) within the resource-based framework, the firm is viewed as an excess of resources and capabilities which are not freely bought and sold in the spot market (Conner, 1991; Rumelt, 1987; Wernerfelt, 1984). A firm’s resources encompass all input factors – both tangible and intangible human and non-human, which are owned or controlled by the firm and that enter into the production of goods and services to satisfy human wants (Amit and Schoemaker, 1993). Achieving competitive advantage through human resource requires that the HRD activities be managed from a strategic perspective. Dunlop (1989) also makes a similar point that economic growth and improvement in productivity depend on the investment in human resource development. In addition, in a major survey of European nations, human resource development was found to be the most important function in all the main countries covered in the study (Hilb, 1992).

Drawing largely on a behavioural psychology perspective, Schular and Jackson (1987) have addressed the link between human resource practices and competitive advantage. According to this perspective, HRD practices can contribute to competitive advantage in so far as they illicit and reinforce the set of role behaviours that result in lowering costs or enhancing product differentiation or both. MacDuffie and Kochan (1991), Snell and Dean (1992) contended that investment in firm’s specific human capital can generate competitive advantage. Greer and Ireland (1992) have posited that a firm which is able to stockpile human resources during periods of economic downturn for use in the future, is likely to achieve competitive advantage over the competitors who indulge in hire and fire practices. It has also been argued that proper staffing practices could result in a firm to build and sustain competitive advantage (Wright and Snell; 1991). Combined with evidence from recent studies linking HRM activities and firm performance, Huselid et al;
(1997) prove the decade old argument that investment in human resources are potential source of competitive advantage.

Figure 3.2 shows some possible areas where human resource may become part of a core capabilities when they have special capabilities to make decisions and be innovative in ways that competitors cannot easily imitate (Hitt, et al., 2001). Having those capabilities requires selection, training and retention of good employees. An employee group without those special abilities would not be as strong a basis for competitive advantage.

![Diagram of Human Resource Core Competencies]

**Fig. 3.2: Possible HR areas for core competencies**


Delivering excellent service is an approach to enhancing organisational competitive performance. Service excellence is difficult to define. In service organisations, service quality is affected significantly by the individual employees who interact with customers. At least three of the five dimensions of service depicted in Fig. 3.3 are HR related.
Many think that organizations decide on strategic and then HR planning is done to supply the right number and kind of employees. However, the relationship should go deeper. Fig. 3.4 shows the relationship among the variables that determine the HR plans an organisation will adopt, since business strategies definitely affect HR plans.
3.2.2 Linking Business Strategy and HRD for Competitive Advantage

The desirability of a close relationship between a firm’s business strategy and human resource management has been well established (Tichy, 1983; Ferris et al, 1984; Smith, 1982; Walker, 1981; Alpander and Botter, 1981; Dyer, 1983; and Golden and Ramanujan, 1985; Schuler, 1992; Schular and Jackson, 1992). Several models have been developed which prescribe how business strategy and HRM should be linked. The existing literature on linkage between business strategy and HRM may be classified into three dominant models: (i) a reactive model of HRM, in which strategy drives human resource policy (ii) a proactive model, in which human resource planning is involved in the strategy formulation stage itself and (iii) a match model which prescribes simultaneous action for design and implementation of business strategy and HR strategy. Gupta and Singh (1995) sum up the goals of HRD as follows:-
1. develop the individual to realize his potential as an individual to the maximum extent;
2. develop the individual’s capabilities to perform his present job better;
3. develop the capabilities to handle future likely roles;
4. develop and maintain a high motivation level of the employees;
5. strengthen superior–subordinate relationships;
6. strengthen team spirit among different teams;
7. promote inter team collaboration; and
8. promote climate development and organizational health development.

3.3 MANAGEMENT TRAINING AND DEVELOPMENT (DEVELOP PEOPLE TO DELIVER SERVICE QUALITY)

Global competition and technological and scientific advances, as well as communication innovations, make a chaotic and complex world. Coping will be difficult; managing will be challenging scenario, business executives will face the challenge of designing and implementing policies to respond to the problems and opportunities accompanying these changes (Dorothy and Deborh, 1993).

Quality, excellence, productivity and results are the current dominant themes in business management (Dening, 1986; Peters and Waterman, 1982). These pressures facing organizations today require employees whose knowledge and ideas are current, and whose skills and abilities can deliver results. As organizations compete and change, training becomes even more critical than before. Employees who must adopt to the myriad of change facing organizations must be trained continually in order to maintain and update their capabilities. Also managers must have training and development to enhance their leadership skills and abilities. In a number of situations employees have documented that effective training produces productivity gains than more than offset cost of the training.

Training has evolved substantially in the last two decades with evidence indicating more organizations investing in training and development. (Kraiger, 2002). Given the intense
pressure to compete, improve quality and customer service, and lower costs, leading American companies have come to view training as a key to organization’s survival and success. (Linde et al, 1997). Likewise, in countries around the world, training has become increasingly important to prepare workers for new jobs.

Many employees view the skill level of their workforce as the top priority for planning. They worry that increasing technology is de-skilling most of the population. Their suggestion is continual training for employers. Drucker, a well known management guru, is of the opinion that the fastest-growing industry in the US will be continuing education and training of adults due to the replacement industrial workers with knowledge workers (1994).

To become a leading-edge company a firm will need to be more concerned with the type of programmes they use to improve workplace learning and performance not simply how much money they spend on training. (Bassi, et al, 1999).

Training is a process which attempts to improve employee performance on a currently held job or one related to it. This usually means changes in specific knowledge, skills, attitudes, or behaviours. Because this process is tied to a variety of organizational purposes, training can be viewed either narrowly or broadly. In a limited sense, training provides employees with specific, identifiable knowledge and skills for use in their present jobs.

Armstrong (1988) holds the view that training fills the gaps between what someone can do and what he should be able to do. It’s first aim is to ensure that as quickly as possible, people can reach an acceptable level in their jobs. (Beach 1975) observes that training is the organized procedure by which people learn knowledge and skills and attitude for a definite purpose. Hamblin (1974) assumes that development is nothing but training of future jobs. Fillipo opines that training is the act of increasing knowledge and skills of an employee for doing a particular job.

To be effective, training should involve a learning experience, be a planned organizational activity, and be designed in response to identified needs. Ideally, training also should be designed to meet the goals of the organization while simultaneously meeting the goals of individual employees (Russel 2003). Sometimes a distinction is
drawn between training and development and often the terms are used synonymously. However, training is somewhat limited in scope whereas development being broader in scope and focuses on the individuals gaining new capabilities useful for both present and future jobs. Development refers to learning opportunities designed to help employees grow. Such opportunities do not have to be limited in improving employees performance at on their current jobs. The focus of ‘development’ is on the long term to help employees prepare for future work demands, while ‘training’ often focuses on the immediate period to help fix any current deficits in employees skills. The most effective companies look at training and career development as an integral part of Human Resource Development (HRD) program carefully aligned with corporate business strategies. However, industries differ in their use of training. In 2001, companies in finance, banking, real estate and insurance sectors reported the biggest forecasted budget increases, while firms in public administration, transportation, communication and utilities and manufacturing projected the largest drop in their training budgets (industry report 2001).

Training has been viewed positively among employees. In a survey (Schaff, 1998) approximately two thirds of employees, regardless of age or gender, view the training they have received from their employers to be useful in helping them perform their current job duties. They were less enthusiastic about how well it has prepared them for higher level jobs (about 50% were satisfied) or has reduced their job stress.

3.3.1 Train to develop people to deliver service quality

The importance of training is likely to continue in the future, given recent trends in the workforce. As also the shift from manufacturing to service jobs, increasingly more workers are needed in service–based industries. To grow and maintain a workforce that is customer oriented and focuses on delivering quality, an organization must develop its employees to deliver service quality.

To provide quality service, employees need ongoing training in the necessary technical skills and knowledge and in process or interactive skills (Normann, 1984). Most service organizations are quite conscious of and relatively effective at training employees in technical skills. These skills may be taught through formal education as is the case at
McDonald's Hamburger University, which trains McDonald's managers from all over the world (Zeithaml and Bitner 2003).

Service employees also need training in interactive skills that allow them to provide courteous, caring, responsive and empathetic service. However, it is not just front line service personnel who need this combination of service skills and interactive training. Support staff, supervisors and managers need service training as well unless contact employees experience the same values and behaviours from their supervisors, they are unlikely to deliver high quality service to customers (Zeithaml and Bitner, 2003).

More so, training efforts employed by an organization are among the factors which add up to the job satisfaction of an individual (Mishra et al 1999). This fact can further be corroborated by the findings of Kahn and Robertson (1992) that type of training and previous work experience add up to the job holders satisfaction with his/her job. Methews (1992) also reports that variety of skills too influence job satisfaction.

The objective of training differ according to the employees belonging to the different levels of organization. The basic objective of training however is to establish a match between employee and his job. This training is designed to improve knowledge, skills and attitudes and, thus equip the individual to be more effective in his present job or prepare him for a future assignment.

3.3.2 Induction/Orientation

Starting a new job has been compared with one's first day at school. The newcomer is bound to be a little nervous, but hopefully enthusiastic; keen to impress, but not wanting to attract too much attention; anxious to learn quickly, but not wanting to be deluged with names, facts and figures; hoping to fit in, but not look too new and experienced. (Price 2004). As such the most important and widely conducted type of regular training is done for new employees. Effective orientation efforts also contribute to both short term and longer success.

Some research studies and employer survey report that socialisation of new employees and their initial commitment to the organization are positively affected by orientation (Howard and Natasha 2000). Thus socialization enhance the Person-organization fit,
which also reinforces the positive views of the job, co-workers and the organization (Daniel and Charles 2001). Another value of orientation is that employees have found that higher employee retention rates result when new employees receive effective orientation. This form of training also contribute to overall organizational performance when employees more quickly feel a part of the organization and can begin contributing to organizational work efforts. Charlotte (2001) and Dayal (1970) point out that the socialization or orientation process helps an individual (employee) to know more about himself, his hopes, aspirations and inclinations. Although this is a very important period in the life of an employee, not much has been written about it. Chattopadhyah (1990) collected data from 143 middle and senior managers of 18 organisations. His results showed that in terms of the benefits of management trainee scheme, 35.7% felt that it is increased management skills, while for 34.3% and 32.8%, it enhanced adoptability and motivation respectively.

Most discussion on the objectives of training, generally deliberate on its relevance from the point of view of organizations. Little attempt is made to study what the participants want from such training programmes. In one such attempt Kalra (1972) collected data on participants objectives in attending training programmes. The results show that participants want the training programme to help them to develop technical skills, managerial skills and communication skills. Focussing on the individuals motivation for attending training programmes. Srinivasan (1977) highlights the two areas – career development and continuing education. In a similar study, on the objectives of management development in India, Sai (1997) collected data from as many as 57 organizations on the executive training schemes. His findings suggest that in majority of the cases the main objectives of such training was individual development and growth followed by improving skills and knowledge, meeting organizational needs and attitudinal change in that order.

3.3.3 Updating

A significant objective of training is to prevent the obsolescence of the employees by updating their skills and knowledge. The jobs that employees have been doing are not static. The rate of change is fast. To keep pace with the changing technology,
organizations adopt mechanization, automation and electronic data processing (Saiyadain 2003). In fact given the fast increase in technology, training has to be cautious. Arygris (1971) has suggested that an organization's effectiveness depends on its ability to achieve its goals, to maintain itself internally, and to adopt to its environment.

3.3.4 Competency Development:

Development represents efforts to improve employees' ability to handle a variety of assignments and cultivate capabilities beyond those required by the current job. Development benefits both organizations and individuals. Employees and managers with appropriate experiences and abilities may enhance organizational competitiveness and the ability to adopt to a changing environment. In the development process, individual's career also may evolve and gain new or different focus (Scott 2001). A planned system of development experiences for all employees, not just managers, can help expand the overall level of capabilities in the organization. Fig. 3.5 profiles development and compares it with training.

<table>
<thead>
<tr>
<th></th>
<th>Training</th>
<th>Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>Focus</td>
<td>Learn specific behaviours and actions; demonstrative techniques and processes</td>
<td>Understanding information concepts and contexts; develop judgment; expand capacities for assignment</td>
</tr>
<tr>
<td>Time Frame</td>
<td>Shorter term</td>
<td>Longer term</td>
</tr>
<tr>
<td>Effective measures</td>
<td>Performance appraisal, cost-benefit analysis, passing tests, or certification</td>
<td>Qualified people available when needed; promotion from within possible; HR-based competitive advantage</td>
</tr>
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Fig. 3.5: Development Vs Training

3.3.5 Identifying Training Needs:

Training is designed to help the organization accomplish its objectives. Therefore, assessing organizational training needs represents the diagnostic phase of setting training objectives. This assessment considers employee and organizational performance issues to determine if training can help. Identifying needs is a process that involves establishing areas where individuals (employees) lack skills, knowledge and ability in effectively performing the job and also identifying organizational constraints that are creating roadblocks in the performance (Saiyadain 2003).

A number of studies on the identification of training needs in India are available. Some of them deal with the general framework while others are specific company based studies. For training activity to be meaningful, Dayal (1970) suggests that a detailed study of job and skills analysis is absolutely necessary. The training thus, imparted would help the employee to adjust to their job requirements. As far as the supervisory category is concerned, Sundaram (1970) points out that the training needs for supervisors can be identified through careful observation of their work which is indicative of poor performance. The day-to-day complaints from the customers on varied service delivery deficiencies also form a useful source of identifying, the training needs of the front line personnel. Given that front-line personnel are the first contact point for the customers, Ghosh (1984) stresses the need for behavioural based training in any training programme designed for such personnel. Bhatia (1981) sees a shift from knowledge to attitude as the main objective of training. He identifies three areas of training – technical skills and knowledge, knowledge of organization and external systems and conceptual and interpersonal skills. Seth (1984) conducted an empirical study on 119 personnel managers. The analysis of the study revealed personnel managers to be more employee oriented, able to recognize the utility of group processes and having faith in workers ability to take initiative and handle responsibility. On the basis of results Seth suggests that training for personnel managers should be directed towards attitudes and beliefs underlying managerial philosophy and their inter-relatedness.

A more direct approach for identifying training needs was used by Kantikar et al. (1994). Instead of going to HRM departments, they approached section heads and senior
managers. The study revealed many contents of training that were identified by a very large majority of respondents. "Who needs what kind of training" was the focus of study by Singh et al, (1998). They found that the need for training correlated universally with age and in-service training. It was found that the older worker did not feel the need for training and if offered in service, they did not want to go through it. However, the need for training correlated significantly and positively with education, years of experience, communication skills, job satisfaction, knowledge level and attitude towards integrated child development service schemes.

3.3.6 Training Effectiveness

The attitudes and perceptions of the top management play a major role in the effective utilization of training. Unless they are prepared to accept and allow innovations and experimentation by the employees who have just completed training, it may have no value whatsoever and might demotivate and frustrate them (Saiyadain 2003). The training effectiveness deals with the issue whether formal training programmes contribute to the development of job related skills, eventually leading to greater effectiveness. Mehta in this regard points out that the training effectiveness depends on the kind of atmosphere and culture that is prevalent back home. In addition many studies have shown that training does not make a difference. Jain's (1985) findings reveal that training contributed substantially in developing the knowledge, skills and attitudes of the employees. However, some other studies contradict the above findings. Responses from a study (Banerji 1981) indicate that the inputs in industrial relations had little or no impact on their effectiveness. However, most of the respondents felt that training did improve their self confidence, motivation, identification with management goals, and communication ability. Maheshwari (1981) collected data on 999 respondents from banking institutions. Though these managers found training programmes less effective with respect to their contribution to job performance, they did endorse the usefulness of formal training. The results of a study (Sinha, 1984) suggest that training can show visible and effective results and that, depending upon the nature of the training, participants could be helped to improve upon existing qualities and develop new qualities.
Much of training effectiveness may also depend on the felt need of trainees to make use of training. Omar bin Sayeed (1998) found that learning effect is a function of trainees ability to develop meaningful expectancy of career utility of training and a deep sense of job involvement as much important variable contributing to training effectiveness.

3.4 EMPLOYEE EMPOWERMENT

Power is not a weapon that is used by design or indiscriminately to achieve the needed results. Power is a tool to pass on to those who work on organizations behalf. The overall performance of the organization is dependent on the power of the people who are collectively building the future of the organization. To empower is to enable, to allow or to permit and can be conceived as both, self initiated and initiated by others (Deb 2006). Employee empowerment is considered to be very effective strategy available to service organizations to help improve the relationship between employee and customer and has received considerable attention in the service marketing literature (Baren and Harris 2003). As such, empowerment can be defined as the process of enabling employees by giving them the power and autonomy to exercise control over job related situations and decisions (Conger and Kanugo, 1988). The process of empowerment can be depicted as under (Deb. 2006):-
Empowerment is getting employees to do what needs to be done rather than doing what they are told and that it is transfer and acceptance of power to lowest appropriate level in order to create an opportunity for a maximum initiativeness, responsibility, commitment and thus, helping the right people at right levels, make right decisions (Bagali, 2002). Empowered employees often feel more confident in their ability to contribute to the firms success, a result that fosters creative thinking and problem solving (Kelly, et al, 1996).
A number of studies have examined the relationship between empowerment and its positive effects on developing high performance organization. Studies such as empowerment and participation, decision making. Pierce et al, (1991); Foster (1992); Perry (1992), Mackin and Rodgers (1996) on empowerment and ownership culture; Empowerment and employee ownership program, Kardas (1993); Rosen (1993) Empowerment and Healthy companies; Empowerment and leadership, Gates (1995); Employee Empowerment and participation, Bowen (1995); Smilor (1996); Empowerment and leadership culture; Empowerment and a new old paradigm of High Performance, (1998); empowerment and Open Book Management, Beyster (1999); Mahapatra (1997); Empowerment and Empowered managers; Singh (1998); Empowering oneself; Jawhar (1998) Empowerment Revisited, have examined the relation between empowerment and its implications in organizational development and developing high performance work force.

3.4.1 Empower the Frontline

Many organizations have discovered that to be truly responsive to customer needs, front line providers need to be empowered to accommodate customer requests and to recover on the spot when things go wrong. Johnson (1994) is of the opinion that empowering employees means to give, for example, customer contact employees the authority to make decisions and take action in a large number of potential problematic situations. Virtually all break-through service firms have legendary stories of employees who recovered failed service transactions or ‘walked the extra mile’ to make a customer’s day or avoid some kind of disaster for that client (Yagil, 2002). To allow this to happen employees have to be empowered. Research also linked that high empowerment leads to higher customer satisfaction (Graham et al; 2000). Zeithml & Bitner (2003) regard empowerment as giving employees the desire, skills, tools and authority to service the customer. Bowen & Lawler (1992) provide a more comprehensive definition of the term ‘Empowerment’. They define it as sharing four organizations ingredients with front-line employees:

1. Information about the organisation’s performance.
2. Reward based on the organizations performance.
3. Knowledge that enable employees to understand and contribute to organizational performance.

4. Power to make decisions that influence organizational directions and performance.

Research suggests that there may indeed be positive benefits to empowering front-line service workers. Some of these benefits include reduction in job-related stress, improved job satisfaction, greater adaptability and better outcomes for customers (Chebat and Kollias, 2000). But such success does not come easily. In fact, some experts have concluded that few organizations have truly taken advantage of, or properly implemented, successful empowerment strategies (Argyris, 1998). In fact, empowerment is seen as a process resulting in individual employees having the autonomy, accountability to perform their jobs in a way, which provides them with a sense of ownership and fulfillment while achieving shared organisational goals (Gates, 1995).

Correctly implemented empowerment as a part of internal marketing process can have a decisive impact on the job satisfaction of the employees, which in turn may improve the part-time marketing impact of employees in customer contacts. Through improved customer retention and more cross sales, this can be expected to have a positive effect on profits (Oakland and Oakland, 1998).

However, empowerment is not answer for all the organizations. Bowen and Lawler (1992) documented both the benefits and costs of empowerment. These benefits to the service firms include faster response to customer needs and problems, more satisfied employees, enthusiastic and warm customer interactions, innovative new ideas and loyal customers. Empowerment can also have a positive effect with respect to employee initiated control, as it has been associated with pride in workmanship (self control), team work (Professional social control). But, at the same time it may be more or less appropriate under certain circumstances. Bowen and Lawler (1995) contrast an ‘empowerment approach’ with a productive line approach for managing services. An empowered organisation is characterised by flexibility, quick decisions, authority given to front line people, while a production line organization is characterised by standardization and little decision making latitude or authority given to front line
employees. Schneider and Bown (1995) emphasise that empowerment is not just the act of setting the front line free or throwing away the policy manuals. It requires systematically redistributing four key ingredients throughout the organization from the top down namely, power, information, rewards and knowledge.

Paradoxically, the strength of empowerment has lead to its weakness. As Clutterback and Keraghan (1999) opines that 'though empowerment may be the reason for its failure too, as the cost of persuading employees to give their creativity and commitment freely is the genuine transfer of power and influence, that is often too high a price to pay. However, Hartline et al., (2000) is of the opinion that it is a lack of direct association between strategy and empowerment in most of the organisations. He suggests that this relationship depends on the alignment of strategy with formalization, that is, the employees cannot be empowered until the organizations take necessary steps to relax its structure. This study is very much consistent with the work of Bowen and Lawler (1992) who argue that empowerment cannot be effective unless the organisation reduces its reliance on standardised rules and procedures.

Khan (1997) suggests that empowerment demands a continuous nurturing of trusting relationships between management and employees. And to this Harari (1997) supports that managers must show that they respect employees authority to analyse situations and make decisions. In this way a mutual trust between management and employees can be instilled. It is also important to realize that empowerment cannot happen overnight. Rather management must create and maintain the conditions needed, so that an employee can feel that he has power and can use his power in customer interactions. Bhatnager and Sharma (2002) also have used the different power enhancers as the guiding concept for empowering the employees. Bagali (2002) also adopted the same empowerment strategies and suggests that organisations should adopt such a methodology of empowering its front line, where each of the individual employee takes pride and feels happy with their organization.

3.5 CORPORATE CULTURE

The concept 'corporate culture' is used to describe a set of common norms and values shared by people in an organization. Hence culture is an overall concept that explains
why people do certain things, think in common ways, and appreciate similar goals, routines, even jokes, just because they are members of the same organization (Gronroos 2000). Every organization has a structure and systems to successfully carry out its activities. The ‘structure’ constitutes different work units and establishment of linkages among units. The system refers to the specific ways of landing major tasks and functions of the organizational rules and policies. The employees of the organization have their own individual needs and conceptions in addition to those of the organization and create what is known as corporate culture (Pareek 1986). Barney (1986) defines corporate culture as the pattern of shared values and beliefs that give the members of an organization, meaning and provide them with the rules for behaviour in the organisation. Culture represents value that can be thought of as residing deep in the organisation. It is easy to see it, but it is always present (Bown and Scheneider 1988) Kalza and Khan (1978) observed that organisations with different forms and functions, although they share certain bureaucratic activities and norms, develop different and distinctive normative cultures.

3.5.1 Components of Organisational Culture

The resurrection of the organizational culture concept began in the early years of the last two decades, primarily through the notable works, “In Search of excellence” by Peters and Waterman (1982) and “Corporate Cultures: The Rites and Rituals of Corporate Life” by Deal and Kennedy (1982). A great deal of interest continues on this subject, judging from the steady streams of articles appearing in business journals and magazines and the excitement they evoke among “culture vultures”, (Isaac 1993).

Culture receives a great deal of attention as a result of its reported impact on organizations. From an internal perspective, culture links have been forged to the following organizational outcomes and functions. Personal performance and productivity (Akin and Hopelain, 1987; Sherwood, 1988; Fisher, 1989; Welch, 1990); Strategic planning and implementation (Arogyaswamy and Byles, 1987; Schein, 1986; Schwartz and Davis, 1981); recruitment and selection (Gross and Schichman, 1987); self selection (Soeters and Schreuder 1988); socialization (Pascale, 1984; Swindle and Phelps, 1984;
Schein, (1986); innovation in new product development (Feldman, 1988); marketing (Arnold et al., 1987) and sales (Tinsley, 1988).

External to the organizational competitive position associated with a powerful culture remains a dominant theme (Peters and Waterman 1982; Deal and Kennedy, 1982; Pascale, 1984). Corporate adaptation to changing environmental pressures and conditions also receives attention (Nicholas, 1985; Roskin, 1986; Akin and Hopelain 1987). Finally, the management of culture effects in relation to acquisitions and mergers continue to evoke interest (Malekzadeh and Nahavandi, 1990; Siehl et al., 1988; Croft, 1990).

Insofar as organizational culture serves to reduce ambiguity for members and promotes sanctioned decision-making behavior, it merits credit as the organizations “automatic nervous system” (Roskin 1986). Corporate culture commonly viewed as a phenomenon encouraging uniformity in thinking patterns and behaviors, becomes the social or normative glue binding the organization together (Siehl et al., 1988).

While these popular approaches provide a basic sense of understanding the construct, a more complex and complete description of organizational culture is offered by Schein (1984). For him the culture refers to the pattern of basic assumptions that a given group has invented, discovered or developed into learning to cope with its problems of external adaptation and internal integration and that have worked well enough to be considered valid, therefore, to be taught to new members as the correct way to perceive, think, and feel, in relation to those problems.

This definition possesses qualities required of societal description of culture. In society culture involves the sharing of patterns of thought and their passage from generation to generation. In the corporate sector, this involves the sharing of assumptions and the transmission of these components to new employees. Societal change of culture occurs through experimentation with various alternatives in problem-solving situations (Chibnick, 1981). For the firm, culture change arises as a response to problems requiring internal adjustments to environmental contingencies.

While assumptions (subconscious values) constitute the fundamental building blocks of culture, other elements also play important roles. The components are values, beliefs, ideologies, attitudes and artifacts.
To most researchers, shared values represent important components of culture in organizations (Alvesson, 1987) and they often distinguish two types: instrumental and terminal (e.g. Rokeach 1968). Instrumental values constitute beliefs that guide our behaviour and conduct, whereas terminal values represent preferred outcomes enhancing our state of being.

Values exist in a hierarchy in our minds (Ravlin and Maglino, 1987) with each of us ranking them differently. Two individuals sharing exactly the same set of terminal and instrumental values, may desire different outcomes and exhibit vastly different behaviour because of variance in their personal hierarchical arrangements.

We become so innerved to our values that over the course of time we lose a conscious awareness of their existence (Gagliardi, 1986). These subconsciously held values - better known as assumptions - possess a potency in orienting our behaviour equivalent to those values for which a conscious awareness exists (Sathe 1985). Assumptions and their linkages in various patterns constitute the very essence of culture. It is fundamental irony that people behave in accordance with the dictates of their culture without, for the most part, recognizing the underpinnings that orient their conduct.

Another perspective on human values distinguishes between ‘espoused’ (Argyris, 1982) and ‘inferred’ (Siehl et al; 1988) values. Our verbal statements contain the values we espouse. Sometimes what people do contradicts what they say. In such cases, we attribute inferred values to people in order to explain their behaviour. For example, the executive might state that human resources are the firm's most important asset and then proceed to lay off workers in large numbers even though other alternatives exist. In such a case inferences about the real values underlying their individuals attitude toward employee may arise.

The measurement of human values presents a real problem for researchers. The issue does not revolve around how we should measure values, but rather, what values we should measure (Isaac 1993). The Rokeach value survey (Rokeach 1973) measures personal values (18 terminal values and 18 instrumental values) that represent those found in general society. Various studies relating to organizational behaviour (Regan, et al;
1982) and Corporate culture (Swindle and Pohelps, 1984) employ this survey. Other researchers tend to use business-oriented value surveys in their studies.

Inherent in the development of business-oriented value surveys lies an implicit assumption that organizational values differ from societal values and that measurement devices must reflect this distinction. Research efforts directed towards determining the validity of this belief would assist in the investigation of the culture phenomenon (Isaac 1993).

Apart from values, beliefs also constitute important cultural elements. Sathe (1985) differentiates values from beliefs by suggesting that the former represent ideals worthy of effort in attaining, while the later represent our understanding about what really happens within our personal frames of reference. As an example, an individual may value honesty but believe that as a policy, it sometimes requires substantial tailoring for use in the real world. In this regard another research article (Sinha et al; 2001) examines how traditional beliefs affect organizational climate and how the two, independently or jointly, shape manager's self perceptions. The study also investigates the impact of the levels of development on societal beliefs, organizational climate and managers self perceptions and study confirms that the traditional societal beliefs affects organizational climate to a great extent.

Ideologies represent shared patterns of beliefs, which unite individuals in a common understanding of the things that work in their world (Beyer, 1981). Corporate ideologies orient employee behaviour in interpreting realities at work and variously in other aspects of their lives, family relationships, development of political attitudes, and so on (Golembiewski, 1997). Attitudes also merit our attention, for they reflect cultural effects upon individuals. Attitudes which are based upon values and beliefs, express the feelings of employees and predispose their behaviours (Fishbein and Ajzen, 1975).

Other components of culture include cultural artifacts (Schein 1984), such as the firms architecture, how people dress, stories often told and technologies utilized. Arguably, many artifacts no longer possess any substantive significance for their culture.
3.5.2 Managing Service Culture: The Internal Service Imperative

Corporate culture can be seen as an internal climate in the organisation. The organizational climate is partly dependent on how internal relationships function between people in the organisation. The climate is the employees accumulated sense of what is important in an organization (Schneider and Bowen, 1995). This is a result of what goals employees are given to pursue in their jobs and how daily routines are handled in the organisation (Schneider et al, 1996). Service providers have to manage their internal climate so that employees who serve internal or external customers develop positive attitudes towards giving service. Such attitudes and service-oriented climate can be expected to exist, if the employees feel that organizational routines, directions for action given by policies and management and reward systems indicate that focusing on giving good service is important (Schneider 1990).

Culture is an important phenomenon to study and understand, because it is considered a potential basis for competitive advantage (Barney 1986). Therefore, managing the company culture is always important in any type of business. For service firms and manufacturers facing service competition the development and management of service culture is a critical task (Gronroos 2000) Experts have suggested that a customer oriented, organizations will have at its heart a ‘service culture’, defined as a culture where an appreciation for good service exists, and where giving good service to internal as well as ultimate, external customers is considered a natural way of life and one of the most important norms by everyone (Davis 1985).

A strong culture, therefore, enables people to act in a certain manner and to respond to various actions in a consistent way. Clear culture values seem particularly important for guiding employees’ behaviour, especially in service organisations (Schneider 1986). It has been argued that a strong culture is especially important in service organisations, because the attitude and performance of the employees is very much visible to customers. If employees experience a service oriented climate, the customers experience of service quality will probably be better than otherwise expected. As such there seems to be a clear inter-relationship between employee experiences and customer experiences (Schneider, 1998).
3.5.3 Culture and Job Satisfaction

Various studies have shown a strong and direct relationship between the organizational culture and the employee's job satisfaction. Friedlander and Newton (1969) studied the impact of organizational climate on the individual's job value and job satisfaction. Their findings assert that organizational climate is a significant determinant of individual job satisfaction, e.g. inter-personal relations, task involvement, self actualization and advancement. Likewise Lyon and Lvancevich (1974) observe that the organisational climate had the most significant impact on self actualization, lesser impact on autonomy and only a slight impact on esteem.

Studies by Friedlanoer and Nargulies (1969) Kaczka and Kirk (1968), Schneider (1972), Cawsey (1973), Printerhard and Karasick (1973) Hall and Lawler (1969) clearly go to show that organisational climate and job satisfaction together determine interpersonal relations, group cohesiveness, task involvement and the like. Litwin and Stringer (1968) in their vigorously designed experimental study found job satisfaction to be the highest in the affiliation induced culture, relatively high in the achievement induced corporate values and considerably low in the power induced climate.

Ganguli (1953) has reported a significant relationship between the climate of organization and the reported job satisfaction while studying workers in a large Light Engineering Company. Ganguli (1968) published an industrial psychology monograph summarizing a wide variety of his studies in India.

Another empirical study (Singh & Nath, 1991) has aimed at exploring the effects of organizational and personal dimensions on the job involvement of employees. The results thereon confirmed that organizational climate with regard to achievement, expectancy, affiliation and dependency is positively related to job involvement.

Kumar and Chander (1998) has attempted to find out the difference of perception among public sector managers in service and manufacturing organizations regarding their job satisfaction and organizational climate. As many as 9 organisations climate and job satisfaction dimensions ranging from advancement to welfare facilities were tested. It was fund that employees from service organizations had a greater job satisfaction due to
the different reasons stressed by the author as compared to manufacturing companies, which have comparatively a lesser job satisfaction on the organizational climate variable.

An empirical study (Kailash and Srivastava 2001) was designed to explore the strength of organizational culture and its relationship with some other related aspects regarding the performance, perceived effectiveness and success among managers. The study measured the variables ranging from organizational culture to promotion. The study showed a positive correlation between organizational culture, organizational performance, individual effectiveness and success. The results suggest that culture of an organization has its effects on organizational and individual performance.

3.5.4 Culture vis-à-vis Workers Performance and Job Satisfaction

Executives from today's most successful organizations strongly believe in and devote significant time and resources towards ensuring that their organizational culture derives performance and produces business results (Srivastava 2001). It has become inevitable for the organizations to develop and maintain a strong culture for better performance and to compete in a changing business environment. Organizational performance has been related with the type of culture an organization has, such as strong culture or a weak culture. Farley and Webster (1993) found that higher levels of business performance were most closely associated with a market culture, one that emphasizes the value of flexibility and innovation. Research evidence also indicates that variation in cultural values have significant impact on employee turnover and employees job performance (Sheridan, 1992).

In recent years, the changing workforce and the nature of work itself (e.g. an increase in the number of service sector jobs) have given rise to conflict in the work – family interface that may affect the work performance of employees and organizations (Jonge and Dormann 2003). The conflicts may have their most pronounced affects in the stressful environment of customer service jobs. Customer service employees may take their jobs home with them, creating work-family conflicts that lead to additional stress at work thus affecting their performance and customers’ evaluation (Netemeyer et al., 2005). Indeed, recent reports suggest that conflicts in the work–family interface lead to
job stress, which in turn seriously impairs service employees performance (Malpus 2003), National Institute of Occupational Safety and Health (2002).

To date, there is primarily anecdotal evidence of the effects of work family conflict and family work conflict on employee performance and customer outcomes, e.g.; USA Today reports that 32% of employees indicate that balancing work and family demands was their leading job related concern (Armour 2002). Likewise a Financial Time article notes that despite the best managerial support, the home demands of customer service employees may permeate their work lives and negatively affect their job performance (Furnham 2002).

Since customer service employees often represent the sole contact, a customer has with a firm, Netemerfr, et al., (2005) examines job relate factors that affect customer service employee performance and customer evaluation. In two diverse customer setting, the author captures matched responses from service employees, supervisors and customers. They use the data to examine the potential chain of effects from customer service employee, work family conflict and family-work conflict, to job stress and job performance, to customer purchase intent. The results show direct (and indirect) effects of work – family conflict and family work conflict on service employee – customer directed extra-role performance.

Babin and Boles (1998) examines the attitudes and behaviours of employees who provide frontline service and address the extent to which relationships vary among male and female employees. The overall model predicts effects of role stress and work/non work conflict on customer contact employees job performance. The study finds that role stress affects female service providers job performance more negatively than it does males and that job satisfaction is related more highly to quitting intent among males.

Sarin and Mahajan (2001) examines the effects of reward structures on the performance of cross functional product development teams. Results suggest that when it is easy to evaluate individual performance, position based differential rewards lead to greater satisfaction. For long and complex projects, process based rewards have a negative effect and outcome based rewards have a positive effect on performance.
Cervone and Wood (1995) found negative correlation between self efficacy and subsequent performance.

A considerable body of research deals with the satisfaction/ performance relationship. However, most of the relevant studies have been correlational in nature and have been performed in non selling contexts (e.g. Herzberg et al., 1957; Locke 1976; Vroom 1964). Predictably the findings show only a positive relationship. Wanous (1974) found support for the performance → Extrinsic satisfaction sequence but not for the performance → intrinsic satisfaction ordering or for the reverse sequence in his study of phone operators. Khaleque (1979) found a significant positive correlation between job satisfaction and performance. Haque (1991) and Hussain (1995) also found significant positive correlation between job satisfaction and performance.

Bagozzi (1980) in his empirical study attempts to establish a link between performance and job satisfaction. Working on three broader co-variants, the author finds that job satisfaction varies with performance; individual differences also functioned as important antecedents. The sales people were found motivated by the anticipated satisfaction that comes with performance more than they are by the performance itself.

Futrell and Parasuraman (1984) in a research study examined the moderating effect of sales peoples performance on the relationship between their job satisfaction and propensity to leave their firm. Job satisfaction appeared to represent a more important influence on the decision to leave the company for low performers when compared to high performers.

From the findings of Chauhan and Chauhan (2001) it is quite evident that if there is a proper match between the needs and the motives of the individual and the organizational goals or, in other words, there is an alignment of personal goals with organizational goals, then the roles assigned to the individual will lead to improved performance, which would ultimately contribute towards organizational effectiveness and individual job satisfaction. Cawcy (1973) also found that individual within an achievement climate rate themselves as higher performers than those working in less motivated climates.
3.6 LEADERSHIP

Over the past seven decades numerous authors have cast doubts on the legitimacy of organizational leadership, researches (Bennis, 1959; Kerr, 1977; Kerr and Jermier, 1978; Pfeffer, 1977) have been criticized for shoddy scientific approaches; lack of definitional focus, poor methodology, poor measurement, in-appropriate assumptions and reliance on outdated theories. Perhaps the most trenchant criticism has been towards researchers’ almost total failure to link leadership theory with human resource practices (Russell and Kuhnert, 1992). Although leadership is a permanently entrenched part of the socially constructed reality and we continue to have a “romance” with it (Meindl, et al; 1985), the fact remains that as the level of theory, research and method, the psychology of leadership suffers from a certain stuckness.

Many argue (e.g. Feyerabend, 1975; Mason and Mitroff, 1981) that we are in the midst of a paradigmatic struggle that is changing both in way that organizations are conceptualized and the manner in which they are structured. For example, there is a marked shift away from contingency approaches that view organisations as distinct units constrained and determined by the environment (Reed and Hughes, 1992) towards theories that define organizations as unique, interrelated cultures with complex symbolic dimensions as construed by their members (e.g. Turner, 1990). This change in thought has seen the corresponding fading of rationality and bureaucracy as predominant structures as well as the emergence of organizational forms that are based on diversity and that demand flexibility in the configuration (Kuhnert, and Lewis (1987).

3.6.1 Modern versus Post-modernist Organisations

Principle of modernist organizations can be traced to the seminal works of Max Weber, Emile Durkheim, and Fredrick Taylor, whose compelling organizational theories and acute understanding of industrialisation framed 20th century understanding. While other modernists for example Chester Barnard, shared their outlook, these earlier observers contributed the basic principles that served to define and shape modernist organizations (Kuhnert, 1987). Fundamental to the development of modernist organizations are the notions that: (1) there exists an ‘ideal’ bureaucratic structure through which behaviour in
an organization can be controlled; (2) successful performance is based on simplified and efficient work; and (3) there is one best way to organize, plan and perform work.

Weber's contribution to modern organizational thought is the concept of a rationalized "ideal Bureaucracy" (Bendix, 1962), in which strict procedures regulate behaviour, facts and knowledge are the bases of decisions, authority is limited, and the power is distributed according to the position rather than social status and traditions. This model of organizational rationality has become the standard to which most private and public organizations aspire, if not emulate. Since Weber's time the term 'rational organisations' has been used to describe functioning in which: (1) means-ends relationships are prescribed and processes result in certain outcomes, (2) efficiency is maximized, and (3) decision making follows facts in a certain and logical form (Zey-Ferrell, 1981). However, there is overwhelming evidence that neither organizations, nor their leaders and workers, can be rational (Simon, 1987; Kahneman, et al; 1982; Zey (1992).

In post modernist thinking a broader conceptualization of rationality is emerging; one that includes models of decision making based largely on the values, emotions and preferences of individuals and only, secondarily, on the basis of logical-empirical considerations (Etzioni, 1988). Moreover, decision making is not an individualized event that takes place in isolation, nor are the designated "leaders" solely responsible for successful attainment of goals. Group norms, work structures, individual expectations and uniformal leaders are recognized as having impact on decisions made within organisations. Thus, post-modernist organizational thought uses a broader conceptualization of bureaucracy to allow non-rational and non-authoritative bases for decisions (Kuhnert, and Lewis, (1987).

Another major influence on modernist organizational theory is Emile Durkheim, who saw the division of labour as a fundamental principle of industrial organization (Clegg and Dunkevley, 1980). While division of labour contributed to the efficiency of individual jobs and raised the overall level of productivity in many industries, numerous organizational problems can be traced to the differentiation of work. These difficulties range from poor communication, confusing bases of authority, dispersed or abandoned responsibility, boredom and poor employee morale (Child, 1984).
Fredrick Taylor, the father of the scientific management, left a substantial legacy to the structure of modern organisations. In his relatively short life time, Taylor introduced to the organisations the concept of the 40 hour week, time and motion studies, piece rate compensation systems as well as fair days work for a fair days pay. Although each of these has had a major influence on the structure of modern work, Taylor’s notion that there is a ‘one best way to organise’ is the bedrock of all modern work designs (Braveman, 1974). However, Taylor’s approach has a real limitation, while analytical thinking reveals the structure of a system and results in understanding, it is not sufficient to explain why systems operate the way they do (Ackoff, 1991).

Postmodernist organizations seriously question the idea that there is a one best way and that analysis is the way to get there. Leaders of postmodernist organizations champion the idea of diverse paths to achieve a desired state; and they realize that while analytical thinking is relevant to understanding, synthesis is required in order to understand why a system operates the way it does (Wren 1987).

3.6.2 A Postmodern Leadership Theory

Organisational theories of leadership have tended to focus narrowly on those individuals who by the nature of their positions in the hierarchy of the organization, hold positions of power (Landy, 1989). Although this focus has taught us much about how managers manage, it has failed to shed light on how leaders lead. Interestingly, Weber himself was among the first to distinguish between rational and non rational authority by proposing three types of organizational power: one based on legal precepts, the second on traditional role definitions, and the third on individual characteristics (Weber, 1947). In other words, Weber recognized that not all ‘leaders’ hold bureaucratic authority and individuals with such authority are not necessarily leaders.

In addition to a focus on managers, the past six decades of leadership theories in large part has been transactional in nature. Terms like vertical dyad linkages, contingencies, social exchange and path-goal carry the notion that leaders influence others through the exchange of something valued. For example, Hollander’s exchange theory assumes that in order to be allowed to continue in a leadership position, the leader must be responsive to the needs of followers (Hollander and Julian, 1969). Similar Path-goal theories, which
stem directly from the expectancy theories of motivation, assert that subordinates will do what leaders want if leaders do two things: (1) ensure that subordinates understand how to accomplish the leaders goals (2) ensure that subordinates can achieve their personal goals in the process (House, 1971). These "if you take care of we, I will take care of you" models of leadership are clearly based on the rational notion that behaviour is goal directed (Kuhnert and Lewis, 1987).

One noticeable exception to this approach is the early theory of charismatic leadership, again proposed by Weber (1947). Under this theory, leadership was not based on positions or methods of exchange, but on the personal qualities of the leader and the leaders ability to exercise different and intense influence over the beliefs, values, behaviours and performance of others (House et al, 1981). Today this distinction between rational and non-rational approaches to the study of leadership is subsumed under the headings of transactional versus transformational leadership (Burns 1978; Bass 1985).

Research by Bass and his colleagues (e.g. Bass and Avolio, 1990; Avolio et al; 1988) shows that transactional leaders are mostly concerned with maintaining the status quo or with marginally improving the quality of performance through the management of the superior–subordinate exchange relationship. In contrast transformational leadership involves influence through shared beliefs and values. As such transformational leadership is non-rational because it assumes that individuals lead and followers follow on the basis of emotion and value judgement, and only secondarily, on the basis of logical empirical considerations.

3.6.3 Correlates and Antecedents of Leadership Behaviour

Since its publication in 1939, now almost a classic study by Lewis, et al; (1939), it has generated a great deal of research in the area of supervisory behaviour. There study was concerned with the social climate created by the introduction of one of three styles of leadership—democratic, autocratic and lassiz-fair. They found that authoritarian leadership generated dissatisfaction and high production, but with a low quality work. Under lassiz-fair leadership there was considerable dissatisfaction and intermediate productivity. Democratic leadership produced low dependency on the leader, high degree of satisfaction and intermediate quality but high quality of work (Saiyadain 2003).
A number of studies have been conducted by various authorities to examine what kind of supervisory behaviour leads to higher productivity and higher satisfaction. Singh and Pestonjee (1974) observed the effect of production oriented type and employee oriented type of supervisors on the job satisfaction of the employees and found that in both the cases subordinates working under employee oriented supervisors experienced greater satisfaction. Singh and Srivastava (1979) studied the effects of production and employee oriented supervisory styles on the performance of blue collar workers.

The results show significant difference in the performance of blue collar workers working under two types of supervisors. Pestonjee (1973) examined levels of employee morale and job satisfaction prevailing under democratic and autocratic organizational structures among the employees of two departments. The finding conclude that a democratic organizational structure is conducive to higher morale and job satisfaction. Verma and Jain (2000) aimed at investigating the relationships between leadership styles of higher and middle level managers on organizational effectiveness. The findings suggest that higher level of managers use authoritarian and task oriented styles not for any ideological reason but for what it can do to improve organizational effectiveness and hence bureaucratic and participative styles are not conducive to organizational effectiveness. Preference in leadership styles were investigated by Salder (1970). The responses were related to job satisfaction measures. The findings suggest that the employees who felt that their supervisors did not correspond at all closely to any one of the four styles, showed least confidence on management and low job satisfaction. Warrier and Das (1979) examined the effects of leadership on productivity and satisfaction. The results suggest that democratization of leadership process results in higher productivity and greater work satisfaction.

What has emerged from all these studies is a supervisory attitude marked with easy, open, understanding styles, supervisory behaviour which is flexible, responsive and considerate of the needs of and opinions of subordinates. However, Muthayya and vijaykumar (1985) suggest that, perhaps the predominant style of Indian managers may be more directive, followed by participation.
In addition to the above mentioned studies, a large number of studies have dealt with supervisory style and its relationship with employee satisfaction. Pal and Vasudeva (1989) identified high task oriented and high relationship oriented supervisors. The results confirmed that workers working under relationship oriented supervisors, experienced significantly a greater degree of satisfaction than their counterparts working under task oriented supervisors. This was further supported by another study (Singh and Sengupta 1997). Do various styles have any bearing on the personality by the supervisors? Kaur (1993) raised this issue in her study and found that the style whether democratic or autocratic did not contribute to the managerial success as a whole.

3.6.4 Service Leadership and Culture: A Blend for the long term success of Internal Marketing

The management prerequisite for good service is promoted by establishing a service oriented leadership culture. This includes managers and supervisors attitudes towards their role, their teams and how they act as managers. Management must be supportive, inspirational and attuned to the individuals they manage. Such a managerial impact is of vital importance if service oriented values are to be communicated to the employees, strengthened, and made an integral part of the everyday life of the organization (Gronroos 2001).

Managers are leaders in an organization and by leading they also contribute to the culture. In this way managers and supervisors have a key role in the development of a service culture. On the other hand, a manager who is not aware of this, will be led by the culture (Schein, 1992). Managers always try to make such strategies that help to move an organization towards service excellence. However, to truly get there, a strong culture that is continuously reinforced and developed by the firm’s management is needed, (Lovelock et al; 2004). A ‘charismatic leadership’, also called transformational leadership, fundamentally changes the values, goals and aspirations of the frontline to be consistent with the firm’s overall goals. Here, staff is more likely to perform their best and show performance above and beyond the call of duty, because it is consistent with their own values, beliefs and attitudes (Scott, et al., 2001). Similarly, Berry (1995) advocates a value driven leadership that inspires and guides service providers. Leadership
should bring out the passion for serving and tap the creativity of service providers, nourish their energy and commitment and give them a fulfilled working life. Among the core values, Berry found in excellent service firms were, excellence, innovation, joy, teamwork, respect, integrity, and social profit. These values are part of the firm’s service culture. Schneider and Bowen (1995) concentrate the service culture in the following two statements:

- shared perceptions of ‘what’ is important in an organization
- shared values and beliefs about why those things are important.

Employees rely heavily on their perceptions of what is important by their perceptions of what the company and their leaders do, not so much what they say. Employees gain their understanding of what is important through the daily experiences they have with the firm’s human resources, operations and the marketing practices and procedures (Lovelock, 2004). Hence management has to talk about the importance of good service and of pursuing a service culture, and demonstrate by their actions their belief in this (Gronroos, 2001).

In strong service culture, the entire organization focuses on the front line and understands that it is the lifeline of the business. The organization understands that the revenue for today and tomorrow are driven largely by what happens at the service encounters. The following figure shows the inverted pyramid, which highlights the importance of the frontline and shows that the role of top management and middle management is to support the frontline staff in their task of delivering service excellence to the customers.
In firms with a passion for service, top management shows by its actions that what happens at the front line is crucially important, by being informed and actively involved (Catherine, 2000). As such management methods and the attitudes of managers and supervisors toward their employees are of pivotal importance to the long term success of an internal marketing process (Gronroos 2001).

3.7 PAY AND COMPENSATION

Pay is an important feature of human resource management – after all, it is the main reason why people work. It is a sensitive and controversial area that has been extensively debated at both practical and theoretical levels. Compensation is an important factor affecting how and why people choose to work at one organization over others (Mathis and Jackson, 2004).

Viewed broadly, the term compensation is a process through which something is given as an equivalent to make amends for loss or damage (Webster’s New World Dictionary). More specifically, Belcher and Atchison (1976) defined compensation as a two party
game in which each party participating in a double input output system contributes and receives something. Both of these definitions are generic in the sense that neither one limits the content of what is gained, lost, or exchanged. However, in the organization literature compensation typically refers to payment (particularly money or what is called as pay) for work of some sort.

3.7.1 Direct and Indirect Compensations

Money not only helps people attain their basic needs but is instrumental in providing upper level need satisfaction. Employees often see pay as a reflection of how management view their contribution to the organization. Research suggests that reward systems can influence a company’s success in three ways (Gerhart, 2000). First, the amount of pay and the way it is packed and delivered to employees can motivate, energize and direct behaviour. Second, compensation plays an important role in an organizations ability to attract and retain qualified, high performance workers. Unless applicants find job offers to be appropriate in terms of amount of and type of compensation, they may not consider employment with a particular firm. In other words, compensation strategies and practices can shape the composition of a work force and the competencies and capabilities they will bring to the organization and ultimately influence firms performance level and effectiveness. Finally the cost of compensation can influence firms success. Gupta and Shaw’s (1998) findings suggest that money motivates people through two basic dimensions, the ‘instrumental’ meaning of money relates directly to what money buys; better houses, better education for children, better vocation, clothes, cars ... whatever. The ‘symbolic’ meaning of money is concerned with how wealth is viewed by us and within our society in general. In job situations, money motivates behaviour when it rewards people in relation to their performance or contributions, when it is perceived as being fair and equitable and when it provides rewards that employees truly value. Research findings (Heneman and Judge, 2000) indicate that employee satisfaction with pay is correlated with organizational commitment and trust in management, while it is inversely related to absenteeism and lateness, seeking alternative employment opportunities, terminating employment with organization, pro-union voting and incidents of theft. It is also interested to note that particular components of pay have different value to different people e.g. Barber and B·etz (2000) research findings show
that younger people try to focus predominantly on cash compensation. As people age, however, their preference tends to shift to benefits and work place flexibility.

What makes an employee satisfied with pay? Research (Carraher and Buckley, 1996) indicates that individuals differ in way in which they conceptualise pay satisfaction and also that pay satisfaction is a function of the comparisons of an individuals input–output ratio of reference to others. In other words, people compare themselves to others focusing on two variables: inputs and outcomes. Inputs refer to individuals characteristics (e.g. education, previous work experience, efforts and performance) outcomes are what people get out of their jobs (e.g. pay, promotion, recognition) (Bernardin 2003). However these comparisons are based on perceptions, rather than any objective or quantifiable measures of actual input and outcomes.

3.7.2 Compensation underpinnings: Assumptions & Theories

The theory and practice of compensation rest on a number of assumptions. Among the most fundamental are beliefs about individuals – specifically, assumptions about why people work, provide the foundation for conceptualizing and theorizing how to motivate human behaviour. In addition, social/organizational level assumptions have pronounced effects. Many of these assumptions are usually left implicit in the compensation literature. They are however central to the understandings of compensation (Doherty and Nord, 1993).

3.7.3 Assumptions about Individuals:

Perhaps the most pervasive assumption is that human activity is initiated and directed by physiological and psychological needs. This need based view points that human actions are directed towards keeping particular needs at optimal level of arousal, a process referred to as need satisfaction. Further it presumes that a wide variety of resources – among them material items, information and social stimuli (e.g. social approval) – can help satisfy needs. While ‘normative effective’ outcomes (Etzioni, 1988) including moral and emotional development and symbolic gestures also satisfy needs. However, little attention is paid to them while discussing compensation (Doherty and Nord, 1993).
The needs-based view directs attention to psychological matters, especially to tensions that individuals experience and the way they attempt to research and sustain optimal levels of need satisfaction often individuals are treated as if much challenges to this position exist (Etzioni, 1988). Most of the literature appears to assume that self interest explains most of why people do what they do, including why they work. Specific explanations about why people work can be summarized under two headings: financial gain and other valued outcomes:

3.7.4 Reasons to work: Financial Gain:

Beginning with early students of management such as Clarles Baggage, financial remuneration has been assumed to be the key reason why people work. Although other forms of compensation are possible, money is almost a synonym for compensation in modern industrialized societies (Doherty and Nord, 1993). Money is especially useful form of compensation because it adds considerable flexibility to exchange in two ways. First as Skinner (1953) explains money as a generalized reinforcer per excellence. Although money won’t buy everything, it can be exchanged for primary reinforcers of great variety. Second, money facilitates tit-for-tat reciprocity (Gouldner, 1960) by serving to compensate a wide variety of needs. Tit-for-tat exchanges are far more flexible than those in which valued items must be paid for in the same form as given, that is, ‘tat-for-tar”.

Although money is valued by essentially everyone, it is not valued equally by all. Economists warn us that the same absolute amount of money can have quite different utilities for different people or even for the same person at different times (Doherty and Nord, 1993). In addition, people from different professional backgrounds vary in the symbolic value they attach to money (Wernimount and Fitzpatrick, 1972, Gupta and Shaw, 1998). Further, Tang (1992) revealed how the experiences people have with money affect the meanings they assign it. Thus although money is widely valued, the psychological meaning and level of satisfaction associated with a given quality of it cannot be assumed to be uniform.

Additional information about the role of financial compensation can be derived from studies of employee satisfaction. Considerable attention (e.g. Lawler, 1971, Dyer and
Theriant, 1976; Heneman, 1985; Berkowitz et al; 1987; R. Heneman et al; 1988) has been devoted to understanding, promoting, measuring and predicting pay satisfaction and its consequences. Nevertheless, even with all this research, individual differences concerning the importance of economic outcomes is an under-researched topic (Brief and Aldag, 1989).

3.7.5 Reasons to work: Other Valued outcomes:

The human relations theorists who conducted Hawthorne studies in 1930’s are usually given credit for showing that workers seek more than just monetary remuneration from their work. As Roethlisberger (1941) observed, the ‘economic man’ view of the meaning people assign to their work experiences are “screwy’, workers are motivated by more than just economic objectives.

The Hawthorne studies did not challenge the needs-based view as much as point to other needs. Since then countless researchers, mostly guided by the needs based view, set out to develop more complete accounts for why people worked. Many drew on the work of the psychologist Abraham Maslow, (1943) who indicated that people seek to fulfil their basic needs (e.g. physiological, safety, love, esteem and self actualization) according to a hierarchy of prepotency. In a similar vein, Herzberg, Mausner and Synderman (1959) found that workers were only satisfied with jobs that contained “motivators” e.g. opportunities for personal growth, responsibility, recognition and achievement. This line of research produced the intriguing (although highly controversial) view that “hygiene” factors, including pay, were not “motivators”. Their major function was preventing job dissatisfaction. Over the time numerous theorists (e.g. Maslow, 1970; Bandura, 1977; DeCharms, 1968; Deci, 1975) have pointed to a number of additional needs that people meet through work.

3.7.6 Theories

Many important assumptions are associated with commonly accepted theories. Now two theoretical perspectives, behavioural and the cognitive, dominate our understanding of what motivates people to work.
3.7.7 Behavioural Perspective:

The behavioural perspective assumes that much behaviour is a function of its consequences (Skinner, 1953) that is, reinforcement contingencies control behaviour. In other words, the likelihood that people perform or do not perform a particular behaviour depends on the consequences that follow. Although the behaviour view has been applied to organizations with considerable success (Frederiksen, 1982; O, Brein et al., 1982) and seems to account for much of what managers and theorists actually do and advocate to motivate people (Nord, 1969), its specialized vocabulary and its connotations that humans are "controlled" rather than "free" seems to have reduced its attractiveness relative to its major rival, cognitive theory.

3.7.8 Cognitive Perspective:

Two cognitive perspectives are most prominent in the study of compensation. Expectancy theory (Vroom 1964; Porter and Lawler, 1968), the more general of the two, assumes that forces in the individual and the environment interact to determine behavior.

The second major cognitive approach to rewards stems from the work of Deci (1972) on intrinsic and extrinsic motivation. Deci (1975) reports that when people behave so as to receive a reward such as money and are dependent on some external sources for their satisfaction, they are extrinsically motivated. A most important facet of this theory is that often extrinsic rewards undermine intrinsic motivation. Deci (1972) proposed that when one perceives choice and feels competent in performing a task then that activity is likely to provide internal satisfaction. Extrinsic rewards often reduce intrinsic motivation by reducing feelings of choice and self determination.

Often known as cognitive evaluation theory, Deci’s work suggests that effective rewards provide at least an illusion of choice and focus attention on task performance and not just the acquisition of rewards. As Deci and Ryan (1980) noted, rewards that provide information are more likely to meet this objective than rewards that control.

3.8 JOB ITSELF

The work that needs to be done in an organization and how it gets done matters to both employers and the employees. Important elements for employers are (1) having done
work properly that will lead to organizational goals; (2) making sure that work is logically organized into the jobs that can be compensated fairly and (3) having work that people are willing or (even eager) to do. Important factors for employees are: (1) having a clear understanding of what is expected in the job; (2) doing tasks they personally enjoy; (3) being rewarded appropriately for their work, and (4) having a sense that what they do is important and respected (Matties and Jackson, 2004)

Work, especially in the modern age of technological development, is highly complex phenomenon – a complex aspect of human behaviour with implications for the behaviour of the members of the organization that individual performing work belongs to (Bhagoliawal 2005). Work may be mental, physical or both. It may be creative or repetitive. It may be personally rewarding or may be a drudgery and its results may be obvious or subtle. Thus work may take on different shades of meaning through its intrinsic meaning which it has for the individual performing work and the group with whom the individual identifies is very important.

Farland (1968) views work as a fundamental part of the social fabric of a society…. work is necessary for human survival, but it is manifested in a whole array or institutionalized attitudes, beliefs, norms, values, forms, customs and behaviours when go beyond survival requirements. Work is rich in forms and meanings both to the individual and to society at large. It occupies a large share of the time of people and is closely bound up with the meaning they attach to life itself.

3.8.1 Why do people work?

According to Blum and Nylor (1968) work is a form of activity that has social approval and satisfies a real need of individual to be active. To produce, to create, to gain respect, to acquire prestige and incidentally to earn money – these are some of the reasons that people work.

Many studies in India and abroad have been conducted to identify factors that help us to understand why people work. Prasad (1979) asked 400 workers belonging to four sugar units to rank according to their preferences, 10 items of interest. These rankings were then compared to those made by American workers. The results suggest that Indian workers irrespective of the level of skill, generally attach more important to good wages,
job security, promotion and growth, whereas American workers preferred most the appreciation of work done, sympathetic understanding of personal problems. However, Sharma (1980) studied, a sample of post-graduate students in the field of management. His findings reveal that work as an end in itself and as a source of satisfaction of what Maslow identified as ‘ego’ and ‘self actualization’ needs and Herzberg as ‘motivators’, take procedure over all other meanings of work to future managers. The author tries to signify the value of psychological rewards to the meaning of work. Sharma’s study has a consistency with the findings of Ganguli et al; (1980) where the results show that non-financial motivators such as independence and interesting work were found to be more important than financial ones.

On the basis of available results, unlike the American settings, in India it seems difficult to draw any clear cut conclusion as to why people work. In India the answer to the question is slightly complex. On the basis of available result all one can say is that except for professionals and entrepreneurs who represent a class which is highly educated and high on socio-economic factors, most workers work for economic gain. For most employees money continues to be major motivating factors (Saiyadain 2001). The present industrial culture is characterized by a work system which does not significantly contribute to motivation and commitment to work. It has led to a state where many individuals have become alienated and consequently, have lost the zest for work (Sinha 1974; Emery and Emery, 1975; Singh and Das, 1977). In this regard Sinha (1974) opines that many persons work today not because work offers any pleasure, but because there is no other way of earning a living. Ganguli (1964) and Kapoor (1968) in their studies conclude that about 25% of the work force is in the dis-satisfied range and only 30% in the satisfied group, leaving the rest 45% in the in different zone.

3.8.2 Conceptualization and Measurement of Work Motivation

Everyone feels familiar with the concept of motivation, yet scholars struggle with its definition. Reviews have unearthed some 140 distinct definitions (Landy and Becker, 1987; Keleinginna and Kleinginna, 1981). By motivation we mean the degree to which a person is moved or aroused to expand effort to achieve some purpose. Work motivation
refers to how much a person tries to work hard and well to the arousal, direction, and persistence of effort in work settings (Golembiewski, 1993).

Motivation theorists have also sought to clarify distinctions between motivation and other major concepts. For example, they distinguish general work motivation from effective and attitudinal states such as work satisfaction (e.g. Compbell and Pritchard, 1983). They usually define job satisfaction as a matter of affect and attitude, of how one feels about the job and various facets of it, sometimes including behavioural components such as whether or not one intends to quit. Some people express satisfaction without displaying motivation to perform well. Highly motivated people may express dis-satisfaction in certain ways because of their high standards or because they believe they deserve better rewards than they get (Golembiewski, 1993).

Motivation researchers have also struggled with different ways of measuring motivation. Some researchers have taken the course of asking people about their behaviour and attitudes (Patchen et al, 1970; Lodahl and Kejner, 1965; Lawler and Hall, 1970; Rainey, 1983). A study by (Guion and Landy, 1972) has tried to develop measures based on observations by a person’s co-workers. However, the literature on organizational behaviour and psychology provides very few measures of general work motivation. In this regard Patchen (1965) in his study relies on questions about how hard one works and how often one does some extra work. Although researchers have reported successful use of this scale (Cook, et al., 1981). One study using this measure found that managers responding to the questions tend to give very high ratings of their work efforts. The vast majority reported that they work harder than others in their organization. They gave such high self ratings that there was little difference among them and so it was difficult to test for the determinants of those differences (Rainey, 1983). Cook, et al., (1981) have also scales of job involvement and intrinsic or internal work motivation. A significant number of studies have been performed to test the relationship of this construct or another job related variables. Weissenberg and Gruenfold (1968) investigated that job involvement is significantly related to satisfaction with motivator variables. The research on job involvement as personal characteristics has attempted or related it to such personal demographic factors as age, education, marital status, sex, locus of control, length of service, higher order, need strength etc. Also in some researchers, increase in job
involvement was found when an individual gets older (Hall and Mansfield, 1975; Sharma and Kapoor, 1978). Manheim (1975) found a positive relationship between education and job involvement. Motivation as an umbrella concept refers to a general topic rather than a precisely defined and measured research variable (Campbell and Pritchard, 1983). Considerable research and theorizing about motivation continue, but usually employing the terms as referring to a general concept incorporating many variables and issues (e.g. Klein, H.J., 1989; Klein, J.I., 1990; and Kelinbeck, et al; 1990). Locke and Latham (1990) for example, present a model of work motivation that does not include within it is a concept or variable labeled motivation. Motivation currently appears to serve as an implicit theme overarching research on a variety of related topics. These include organizational identification and commitment, leadership practices, job involvement and intrinsic work motivation, organizational climate and culture, and characteristics of work goals.

However, Indian psychologists have attempted to investigate the influence of various variables like demographic (Anantharaman, 1980; Sharma and Sharka R. K. (1978) different occupational groups (Anantharaman and Deivasenapathy, 1980; Anantharaman and Begum, 1982) role conflict and role ambiguity (Singh, 1981; Nath, 1980; Srivastava and Singh, 1983; Singh and Mishra 1984), company satisfaction and intrinsic motivation (Nath, 1980; Reddy and Kumarraju, 1981) and alienation (Singh, 1981) on job involvement.

3.9 PERCEPTION AND MEASUREMENT OF CUSTOMER SATISFACTION

There appears to be an agreement that service quality can be defined as the customer attitude or judgement about the superiority of a service (Robinson 1999). However, the nature of the concept has not yet been agreed upon. Presently, there are three main ideas that suggest how to describe this concept differently.

The first idea proposed by Zeithaml, Parasuraman and Berry in 1990s suggested that this concept stems from a comparison of customer expectations with performance perceptions (Zeithaml, et al., 1990). Teas argued that it is derived from a comparison of performance with ideal standards (Robinson, 2000; Lee, et al., 2000). The last idea
suggested by Cronin and Taylor disagreed that the concept is derived from perception of performance alone (Robinson 2000; Lee et al, 2000).

In seeking quality service, consumer’s needs and expectations may differ. An elderly customer in a bank might appreciate a cashier who takes time to chat and who addresses the customer in a familiar way, while a business customer might expect to be spoken in a professional manner and the transaction to be completed as efficiently and quickly as possible. Yet the functional service required in each instance may be identical, from the same cashier (Woodruffe 1995).

The topics on customers/consumer satisfaction have attracted the attention of both academicians and practitioners who increasingly consider actions aimed at improving service quality/customers satisfaction to be an integral part of an organizations long term strategy. Practitioners and writers tend to use the term ‘satisfaction’ and ‘quality’ interchangeably, but researchers have attempted to be more precise about the meaning and measurement of these two concepts, thus resulting in a considerable debate (Persuaman et al; 1994; Oliver, Bitner and Hubbert 1993; Dabhallkar et al; 2000; Cronin et al, 2000). Although they have certain things in common, satisfaction is generally viewed as a broader concept, whereas service quality assessment focuses especially on dimensions of service. Based on this view, perceived service quality is a component of customer satisfaction (Zeithaml and Bitner 2003). The following figure graphically illustrates the distinctions between the two concepts:
Research on perceived service quality has emanated largely from the service marketing literature, whereas much of the research on customer satisfaction is to be found within the consumer behaviour literatures, where the focus is on satisfaction with physical goods as well as with service. There is often some confusion regarding the similarities and differences between service quality and customer/consumer satisfaction, and this may be attributed to different origins. *Perceived service quality* is the degree and direction of the gap between consumers perception and expectation (of a service), (Parsuraman et al; 1988). *Customer satisfaction* is a function of the similarities between the consumers expectations an the perceived performance of the purchase’ (Oliver 1981).

Everyone knows what satisfaction is, until asked to give a definition. The quote from Richard L. Oliver, respected expert and long time writer and researcher on the topic of customer satisfaction expresses the challenges of defining their most basic of customer concept. Building from previous definitions, Oliver offers his own formal definition,
“Satisfaction is the customer’s fulfilment response. It is a judgement that a product or service feature, or the product or service itself, provides a pleasurable level of consumption related fulfillment”.

In the technical terms Zeithaml and Bitner (2003) translate this definition to mean that satisfaction is the customers’ evaluation of a product or service in terms of whether that product or service has met their needs and expectations. Failure to meet needs and expectations are assumed, results in dissatisfaction with the product or service. Through the service cycle, the consumer may have a variety of different experiences – some good some not good – and each will ultimately impact satisfaction.

Since recently there has been a particular attention to customer satisfaction. Some policy makers believe that customer satisfaction is an important indicator of national economic health. They believe that it is not enough to track economic efficiency and pricing statistics. Satisfaction, they believe, is just as important as indicator of quality of life (Zeithaml and Bitner, 2003).

Thus customer satisfaction (CS) has become an important focus of corporate strategy. Research support the notion that there is a positive relationship between customer satisfaction and financial performance (e.g. Anderson et al, 1997; Reichheld and Saser, 1990; Rust and Zahorik, 1993). In a study, Anderson, et al; (1994) analyse this link on data obtained from the Swedish Customer satisfaction index and they find that firms that actually believe high customer satisfaction also enjoy superior economic returns. However, the understanding of the constructs that mediate the link between CS and firm profitability is still limited (Szymanski and Henard, 2001). The studies that exist, find higher levels of customer satisfaction lead to greater customer loyalty (e.g. Anderson and Sullivan 1993; Bearden and Teel 1983; Bolton and Drew 1991; Fornell 1992; Oliver, 1980).

The most significant and probably the prominent outcomes of deregulating and relaxed economic endeavours has been the rise in the customer expectation, awareness and rights (Nazir 2002; Persler 2000). Many studies have been carried out to measure the customer satisfaction in different service as well as manufacturing organization. Because a service is usually made up of both tangible and intangible components, many attempts at defining
service quality have been made for the distinction between the objective measures of quality, and those which are based on the more subjective perceptions of customers. According to Gronroos (1983) for example, a service can be broken down into two quality dimensions: (a) technical quality; (b) functional quality. Technical quality refers to the relatively quantifiable aspects of the service, that is, ‘what’ is being done and functional quality refers to ‘how’ the technical quality is being delivered to customers. Both the dimensions are important to the customer.

The conceptualization and measurement of service quality continues to play a paramount role in service marketing for both academicians and practitioners on equal footing. Berry (1983) in his pioneering study on relationship marketing indicated that the development and maintenance of relationship with customers represent a significant strategy for long term success especially in services sector. In search of competitive advantage, business organizations are placing more focus on service quality. Research has shown that high service quality contributes significantly to profitability and productivity and to customer satisfaction. In addition, knowledge of the costs and benefits of retaining consumers relative to attracting new ones draws company’s foremost attention to looking after present customers, responding to their needs and problems and developing long term relationships. Interest in the measurement of service quality is thus understandably high and the delivery of higher levels of service provider’s efforts to position themselves more effectively in the market place (Parasuraman, et al, 1988; Brown and Swartz, 1989).

Service quality is a measure of how well the service level delivered matches customer expectations. Delivering quality service means confirming to customers expectations on a consistent basis (Lewis and Booms, 1983). Although it may be difficult, service organisations need to take appropriate and adequate steps to monitor and improve the quality of the service that they provide. Using the above definition by Lewis and Booms, of service quality improvement programme involves establishing precisely which component of the service influence the consumer’s perception of quality (Thomson et al; 1985). From a marketing standpoint, a key issue is whether customer notices differences in quality between competing suppliers or not. Improving quality in the eyes of customers pays off for the companies that provide it. Data from the profit impact of Market Strategy (PIMS) research show that a perceived quality advantage leads to higher profits (Buzzell
and Gale 1987). Berry and Parasuraman (1991) also hold the view that high quality service gives credibility to the field sales force and advertising, stimulates favourable word-of-mouth communications, enhances customer’s perception of value and boosts the morale and loyalty of employees and customers alike.

In yet another study (Cronin & Taylor, 1992) the authors investigate the conceptualization and measurement of service quality and the relationship between service quality, consumer satisfaction and purchase intentions. The results suggest that (1) a performance based measure of service quality construct (2) service quality is an antecedent of consumer satisfaction (3) consumer satisfaction has a significant effect on purchase intentions and (4) service quality has less effect on purchase intentions than does consumer satisfaction.

Several models have been built over the years to evaluate the service quality offered by providers (Israel et al, 2004). Service quality from the consumers' point of view is examined with reference to the pioneering work carried out by Parasuraman, Zeithamal and Berry (1985, 1991 and 1993). Their research initially identified a set of detriments used by consumers to judge the quality of services they receive. Using this and subsequent research, they produced a conceptual framework (called a 'GAPS' Model) and a measurement instrument ‘SERVQUAL’ that has been widely used by the companies to assess service quality. As found by other writers, the process of service delivery was considered to be a key feature in the assessment of quality (Cronin and Taylor, 1992; Lijander and Strandrik 1994).
From the above literature on service quality perception, it can be concluded that researchers have widely applied SERVQUAL model in almost all the service sectors including the banking sector.
3.9.1 SERVQUAL – Its applicability

This instrument spawned many studies focusing on service quality assessment and is used all over the world in service industries. Published studies have used SERVQUAL and adaptations of it in a variety of contexts: real estate brokers, physicians in private practice, public reception programs, a dental school patient clinic, a business school placement center, a tire store, motor carrier companies, an accounting firm, discount and department stores, a gas and electric utility company, hospitals, banking, pest control, dry cleaning, fast food and higher education (Zeithaml and Bitner, 2003). Examples of use of SERVQUAL are also found in the varied empirical research studies like Lewis (1991), Service Quality in Banks; Lewis (1987), Hotel Service; Carman (1990) Car retailing; Fick and Ritchie (1991), Travel and Tourism; Brown and Swartz (1989), Medical Services; Saleh and Ryan (1991) Hotels; Johns (1993) hospitality; Young et al (1994), American airline industry etc. Many of the findings from these applications are unpublished and/or proprietary.

Data gathered through SERVQUAL survey can be used for a variety of purposes:

- To determine the average gap score (between customers perception and expectations) for each service attribute or combined across all dimensions;
- To determine the relative importance of five dimensions of service quality in influencing customers overall quality perception;
- To assess a company’s service quality along each of the five SERVQUAL dimensions;
- To track customers expectations and perceptions (on service attributes and/or on the SERVQUAL dimensions) over time.
- To compare a company’s SERVQUAL scores against those of competitors.
- To identify and examine customer segments that differ significantly in their assessment of a company’s service performance.
- To assess internal service quality (that is the quality of service rendered by one department or division of a company to others within the same company).
Thus it can be concluded that SERVQUAL is a generic, skeletal instrument that can be adopted for use in a variety of contexts, including industrial product and internal service contexts.

3.9.2 Customer Service Quality Perceptions: Banking Evidence

Service quality is of crucial importance to both customers and service providers and it has been identified as the ‘single most research area in service marketing to date. (Woodruffe 1995; Brown and Bitner, 1993, Baren and Harris 2003). It is maintained that, for service based companies, quality is the life blood that brings increased patronage, competitive advantage and long term profitability (Clow and Vorhies 1993). Organisations are becoming increasingly aware of the importance of quality in maintaining competitive advantage. Total quality management has been a buzzword for business during the last decade and the whole issue of quality has received massive attention in business and academic circles. Consumers have grown more aware of quality and consumer ‘watchdog’ associations have emerged to monitor service quality in many areas.

A number of studies have been conducted both in India and abroad over a period of time to determine as to what make the customers of the banks satisfied with regard to the service they receive from their respective banks.

In India, a number of studies have been conducted and committees formulated to study service quality in banks. To name a few, Saraiya Committee (1972), Talwar Committee (1975), Gopipuria Committee (1980) have studied below average customer service. In a study by Debashish (2003), the Rust and Oliver model had been used to study the service quality in banks. The study has revealed that ICICI Bank and State Bank of India provide better service quality. However on the whole, the public sector banks have failed to satisfy their customers.

There are a number of factors which guide a customer's choice in rating a bank. Zeithamal et al., (1985) opine that the criteria used by the customers that are important in moulding their expectations, perceptions and hence satisfaction fit ten dimensions. These are tangibility, reliability, responsiveness, communication, credibility, security, competence, courtesy, understanding and access. Subsequent factor analysis and testing by the same authors condensed these parameters into five categories, which included tangibility,
reliability, responsiveness, assurance and empathy (1988), to which Gronroos (1988) added a sixth dimension, i.e. Recovery.

A case study of banking services was carried out to ascertain the perceptions of customers regarding the service quality in banks (Alka Versha 2005). The responses were collected on five dimensions of SERVQUAL. The overall comparison between public sector and private sector banks identified the public sector banks as having the higher quality perception than the private sector banks. The study reveals that among the private and public sector banks all the dimensions of service quality are equally important.

Similar to the above study Bhat (2006) conducted a comparative study of banking services in the selected northern states of India. The main area of questioning and analysis related to the customers expectations and perceptions in relation to service quality dimensions (SERVQUAL). The study reveals that service quality of foreign banks under study is high as compared to Indian banks. The findings also reveal that all the banks fall below the expectations of their respective customers. However, foreign banks were seen relatively close to the expectations of their customers in comparison to Indian banks.

National Institute of Bank Management, Pune (NIBM) (1986) conducted a national level survey to understand the level of customer satisfaction regarding the bank services. The opinion of the customers (both rural and urban) regarding various services, like cash withdrawal (speed), cash acceptance (speed) collection of local/outstanding cheques (speed) timeliness of sending credit/debit advice were asked. The findings of this survey revealed that the customers were highly dissatisfied with the way these services were conducted and it was concluded that the banks have to strive hard to meet the ever increasing needs and demands of their customers, so that they do not switch over to other financial institutions which provide better and quick services. NIMB again conducted a national survey (1990) covering as many as 90,000 households and 10,000 institutions. The main highlights of the findings were that many bank customers expressed concern over the delays in collection of cheques and other instruments. Secondly it was found that the banking sector has not effectively adopted any promotional strategy. Due to lack of advertising, communication and personal selling, customers have not become aware of
various products and schemes offered by the banks. Thirdly, while the structural regulated interest – rate regime provided very little scope for banks to use any pricing strategy. Following this study RBI took certain steps to check delay in clearing and correspondence related services.

A primary study conducted by Department of Banking Operations and Services, RBI (1987) to analyse the speediness of various services offered, including opening and closing of bank counters in time, time taken in encashment of cheques and drafts, issue of cheque book and drafts, collection of instruments drawn on outstation centers and posting in the pass books etc. observed that customers were not happy with these services. Most of the branches were not found aware of the instructions issued by the head office and simply did not implement these.

To investigate the relationships between banks and their small business customers, Smith (1989) found from in-depth interviews that key elements of service related to bank personnel, organizations and structure of banks, pricing policies and product offerings. A total of fifty five elements of service were then incorporated into structured rating questions for respondents to indicate expectations and perceptions/satisfactions. The most important elements were accuracy or competence aspects, confidentiality and trustworthiness of the bank manager, reliability in the branches and at head office, speed with regard to decision making, transitions and dealing with customers. Lewis (1991) made an attempt to compare the findings of this study with a customer sample from USA. The international comparison provided evidence of cultural differences in attitudes and behaviour which have an impact on expectations and perceptions, e.g. the US customers were found visiting their banks more frequently which was largely explained by the practice of payment by cheque rather than by direct credit transfer to an account or cash. Further, it was found that though the customers were more satisfied with the personal characteristics of staff and their banks responsiveness to their needs, they appeared to be less satisfied with the overall quality of service they received, than their UK counterparts.

Attitudes and perceptions of customers regarding banks and their services was investigated by Lawson and Watt (1983). With the help of consumer group surveys, they analyzed the impact of the price on services, reaction to price increases and possible
alternative methods of pricing accounts, on the choice of a bank. The study concluded that price is not a major factor in bank choice and that customers would pay more for some services.

A study (Rao 1987) conducted to examine the level of customer satisfaction in relation to bank services, revealed that there is a growing dissatisfaction in respect of services rendered by banks among customers. The author concluded that the emergence of oligopolistic market structure in the banking world encourages high level of competitive inter-dependence, so the banks shall have to work hard to improve customer services to win the confidence of the customers.

Gavini and Athma (1997) conducted a study to assess the deposit holders level of satisfaction and to identify the most common areas of customer dissatisfaction, survey of six bank branches was conducted, which included two branches each from metro, urban and rural. It was concluded, though a large number of customers were satisfied with services provided by the banks, the banks metros must try to gear up and devise ways to satisfy highly expectant and wary clients. One of the areas where the depositors who had the highest grievances were that of customer service. Problems like system failures, arbitrary impositions of unreasonable service charges and complicated bank procedures were found giving a lot of inconvenience to the customers. In this regard Kaptan and Sagane (1995) have taken up the same issues in their study. To meet the ever increasing challenges posed by ever increasing customer expectations the study suggests that the location, layout, décor, cleanliness etc. are as much important as good counter service and speedy disposal of work. It was concluded that there must be a genuine desire to redress grievances of customers and the service should not be a mere lip service. The same thought has been advocated by Gronroos (2002).

To measure the service quality perception in banking sector, Dr. Israel, et al., (2004) conducted a survey and the instrument contained as many as 15 attributes including the SERVQUAL dimensions propounded by Zeithaml et al., (1985). The findings of the study reveal that much need to be done for public sector banks in improving their performance by revamping the service marketing strategies. A comparative study by Archana, (2003) aimed at examining the position of customer services as it prevails in
two public sector banks. The study reveals that consciousness towards customer services is increasing at all levels, the Government, the bank and the society. It was observed that despite the good efforts on the part of bank officers and other officials, there is dissatisfaction among customers of both the banks, although with a varying proportions.

An empirical study (Sharma and Mehta, 2005) was conducted on the four leading banks on customers to ascertain their perception of the service quality in three banks. The study included five dimensions of service quality perceptions, ranging from tangibility to empathy. The overall comparison between public sector and private sector banks identifies the public sector banks as having the higher quality perception than the private sector banks.

Srivastava (1994) conducted study to find out the perceptions customers have regarding the services offered by banks to their depositors. It was observed that the customers generally faced two major problems with their banks i.e. behavioural (general attitude of unconcern and neglect for the customer, undignified, apathetic work culture etc.) and procedural (delays and inaccuracies in transactions, non-communication of schemes etc.).

A study by Lewis et al; (1994) took account of some of the problems associated with SERVQUAL and scaling techniques and used a graphic positioning scale to assess the opinions of university students with respect to their banks and building societies in terms of provision of services in general, loan and overdraft facilities and collateral arrangements in particular. The gap score were weighted by the expectation scores to reflect the importance of the factors and the magnitude of gaps. Findings indicate that, overall, the banks and building societies were performing well in relation to their employees personal characteristics, but could improve with respect to knowledge aspects, speed and efficiency, queuing and convenience.

Research was carried out in the Financial Services Research Centre at the Manchester School of Management, to identify key dimensions of service and to assess service performance with respect to various dimensions for a number of major financial service providers – primarily banks and building societies, in relation to both personal and small business customers. Lewis and Smith (1989) from the same school investigated the expectations and perceptions of banks and building societies’ retail customers.
In addition many academicians and practitioners (Brahmandam and Narayana, 1990; Elias, 1982; Nageswar and Pramod, 1990; Nageswar, 1987; Sundaram, 1984; have highlighted the need for better service quality in banks, mostly public sector banks, and offered guidelines for improvement in bank services.

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