CHAPTER - II

REVIEW OF LITERATURE

This chapter makes an attempt to review the literature of earlier studies nationally and internationally pertaining to the concept of internal marketing, job satisfaction, interactive marketing, service quality and customer satisfaction by various authors. The discussion covers the varied arguments and the meaningful findings of previous studies.

REVIEW ON INTERNAL MARKETING

**Berry (1981)**\(^{32}\) was the first who referred to the concept of Internal Marketing and propounded that “employees as customers”, just like external customers the internal customers need to have their needs satisfied and employed a basic 4Ps approach that focused on the employee’s job as the product and used various forms and formats of price, distribution or place and promotion to build that desirability. Thus, the major focus of Berry’s approach was to develop various types and forms of internal communication and promotion techniques to encourage and develop employee job satisfaction which leads to customer satisfaction and customer loyalty.

**Gronroos (1981)**\(^{33}\) proposed that each customer facing employee should be trained as marketer of the firms’ services that would enable the building of customer relationships. The remaining employees of the organization should support these customer-facing employees. The major thrust of the internal marketing concept is that by treating employees as internal customers, one can ensure higher employee satisfaction and, subsequently, the development of a more customer-conscious, market-oriented, and sales-minded work force.

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Berry (1984)\textsuperscript{34} conducted a marketing research in the Banking industry and proposed that internal marketing enables a bank to attract and retain the best employees and gain the best work from them by way of the effect of their satisfaction and also proposed two types of internal market segmentation including “Flexible work hours” and “Cafeteria benefits”. Results revealed that flexible working hours enables employees to have a certain degree of freedom to arrange working hours rather than the ‘9 to 5’ type of fixed shifts, and that the cafeteria benefits provides employees with other benefits such as health insurance, annual leave, holidays and the like. All these benefits motivate each employee differently, according to their needs and wants.

Research by Singh (1985)\textsuperscript{35} on bank marketing found that a good number of banks in India had taken steps to make use of internal marketing for purposes of raising the customer service consciousness, and business mindedness on the part of their employees.

Schneider and Schmitt (1986)\textsuperscript{36} argued that the process of staffing employees in the organization consisted of finding, evaluating, and assigning individuals to work to accomplish the organizational objectives in an effective manner. Recruitment and selection procedures had to be evolved in such a way that the right person for the right job was selected.

Bowen and Schneider (1988)\textsuperscript{37} identified the responsibilities of the employee in spanning the gap between the “internal environment” of the organization and the “external environment”. They stressed the importance of


training and motivating employees, in order that they can effectively carry out their duties to the firm in dealing with customer needs.

**Tansuhaj et al (1988)**\(^{38}\) explored the linkage between internal marketing activities like employee recruitment, training, motivation, communication, and retention with the more traditional external marketing activities like pricing, advertising and personal selling. According to the authors in services marketing, the employee plays a central role in attracting, building and maintaining relationships with customers. The recognition of the central role of employees in service marketing has given rise to “internal marketing” programs strongly oriented to employee development.

**Scott Kelley (1990)**\(^{39}\) considered the customer orientation of the customer contact personnel in four banks and found that specifically the relationships between employee motivation, satisfaction, and role clarity are all directly related to customer orientation. However when these variables are considered together, motivation and role clarity appear to have the greatest impact on the customer orientation of employees.

**Bitner (1990)**\(^{40}\) noted that employees should be seen as performers and not just as workers as their behavioural performance is the service quality that customers perceive. Research in this field has therefore become an important subject area in human resource management, as the relationship between customer satisfaction and employee satisfaction becomes an increasingly interrelated. There is substantial evidence in terms of the relationship between

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customer loyalty, profitability and employee job satisfaction, all of which build the constructs of a term known as the “service profit chain”.

**According to Berry & Parasuraman (1991)** the concept of internal marketing focuses on employees as internal customers and jobs as internal products and suggested for the implementation of a marketing-type orientation at the internal level which helps organizations in achieving the desired satisfaction of the front-line employees which helps in attracting, developing, motivating and retaining those employees who are best qualified for the work. Therefore internal marketing relates to job satisfaction and that job satisfaction itself is one of the important factors that explain organizational commitment.

**Tansuhaj et al (1993)** reviewed the concepts of internal marketing and external marketing in the context of service firms and examined their effects on the customer satisfaction in foreign and domestic banks in Thailand. Findings showed significant differences between the foreign banks and domestic banks and a strong relationship between internal marketing and consumer satisfaction. The effective practice of internal marketing appears to influence the effectiveness of external marketing programmes influencing customer satisfaction.

**Schneider et al. (1994)** stressed the importance of executive support for training. The management of service organizations has to build a long term commitment to training of its employees so that they can offer quality customer service for business process. They further suggested that management should support and maintain the employees training program, in order to derive that the employees are productive or still there was room for training.

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Blanchard and Galloway (1994)\textsuperscript{44} analyzed customers as well as employees’ perception of services in banks and found that the role of customer contact employees significantly influenced customers’ perception of service of the banks. Therefore, banks should pay attention to the needs and expectations of the employees by way of motivating them to deliver best customer service by rewarding their efforts in addition to salaries and other monetary perquisites.

The empirical study on internal service encounter satisfaction by Gremler et al (1995)\textsuperscript{45} used the critical incident methodology and found that internal customers are similar to external customers, with the same types of events and behaviours towards satisfactory and dissatisfactory incidents in both internal and external encounters. Introducing the concept of the 'internal service encounter', it was found that an internal customer's (i.e. employee's) satisfaction with a service firm could be significantly influenced by service encounters experienced with internal service providers.

Hallowell et al. (1996)\textsuperscript{46} identified the eight components of internal service quality, which are tools, teamwork, management, training, reward/recognition, goal alignment, policies/procedures, and communication. It was reported that internal service quality is strongly related to job satisfaction and external customer satisfaction.

Heskett et al. (1997)\textsuperscript{47} established the linkage by collecting empirical evidence from 20 large service organizations. The findings supported the linkages stipulated in the service profit chain model. The model espouses that

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profit and growth are linked to customer loyalty, customer loyalty is linked to customer satisfaction, in turn, customer satisfaction is linked to service value while service value is linked to employee productivity, whereas employee productivity is linked to employee loyalty, employee loyalty is in turn linked to employee satisfaction, and employee satisfaction is linked to internal quality of work life. The internal quality of work life denotes the feelings that employees have towards their jobs, colleagues, and the organization.

Kennedy and White (1997)\(^\text{48}\) found that the employee training programs within the organization for a particular job to be significant in improving and developing the level of service given by an organization as the skills of employees boosted with the particular training and ultimately it increased customer satisfaction and attachment with the business.

Gregory, Smith, and Lenk (1998)\(^\text{49}\) carried out a research on the quick service restaurants (QSRs). The findings revealed that overall satisfaction of job, job classification (hourly versus salaried), length of time on the job, and education level effect the overall internal customer satisfaction. They further found that salaried employees and employees with the longest employment were the most satisfied with their positions. Hourly employees with a high school diploma are more satisfied than other hourly employees. Overall, hourly employees were less satisfied with their job than salaried employees.

According to Adcock (2000)\(^\text{50}\) internal marketing is viewed as the application of the external marketing strategies of a business to its internal market. It could be regarded as the marketing of the mission of the business to its


employees. Furthermore, internal marketing is the way in which a business creates an integrated effort by all the departments and employees of the business towards its external customers.

Conduit and Mavondo (2001)\textsuperscript{51} investigated the relationship between internal customer orientation and market orientation based on a study of Australian based companies involved in international marketing. It was developed on the notion that organizational dynamics and managerial action in areas such as employee training, effective communication systems, and managing human resources are critical to building an internal customer orientation and consequently, a market orientation. Findings suggested that integration between departments, the dissemination of market intelligence and management support for a market orientation are important for its development, however, training programs may not be effective.

A study by Farner et al. (2001)\textsuperscript{52} showed that internal customer service to be important as it involves a trade-off between the various service dimensions. The study findings showed that perceptions of internal customer service like empowerment, training programs, communication and team work influence the overall service provision to the customers.

Preston and Steel (2002)\textsuperscript{53} addressed issues related to internal marketing. Recruiting, training, developing and motivating staff are the important components of internal marketing and felt that it is the external marketing impact of each member of the staff that is the central focus of an internal marketing strategy. Findings showed that all the organizations have in place the


processes like training, recruitment and to develop their staff. The major motivating factor for the staff was the non-monetary incentives when compared to monetary rewards.

**Douglas Pugh et al (2002)**\(^{54}\) described the basic linkage model that connects employees and customers in service organizations. They identified eight practices: Customer Orientation and Interactive Emphasis, Management Support, Hiring, Training, Rewards and Recognition, Teamwork, Support Systems, Customer Feedback Management to be the important drivers of customer satisfaction.

**Naude et al. (2003)**\(^{55}\) created a questionnaire through previously developed and tested instruments from various disciplines and distributed it across four locations within one major United Kingdom organization. They developed three latent variables that included person, situation, and person x situation. Person consisted of age, gender, and level of education, situation consisted of location, tenure, and function. The person x situation variable consisted of organizational socialization, involvement, commitment, organizational satisfaction, communication, and the evaluation of the local management, direct manager, and colleagues. Significance was discovered for location, age, length of tenure, as well as numerous interaction variables. The significance of location demonstrated the challenge of creating an organizational wide internal marketing strategy due to the different values, attitudes, and beliefs that exist at various locations within the organization.

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Riyaz Rainaye (2004)\textsuperscript{56} empirically examined the training policy in two commercial banks, State Bank of India and Jammu & Kashmir Bank Limited. They focused on the various facets of training which included management’s attitude towards training, training inputs, quality of training programmes and transfer of training to the job. Findings revealed that the training scenario is to a large extent satisfactory. It evaluates the opinions of the employees of two cadres of both banks: in particular that it can be made fully effective only when the training needs assessment and transfer of training to the job are considerably improved, besides bringing in finer improvements in other dimensions.

Lassk et al (2004)\textsuperscript{57} opined that marketing personnel of service organizations should play a leadership role in bringing an internal customer focus to the organization. The authors presented a theoretically driven model that integrates human resources literature with the internal customer mind-set as a mediator of job satisfaction and job performance. Results stated that there is a significant relationship between the internal customer mind-set of the employees and job satisfaction.

Burke et al (2005)\textsuperscript{58} examined the correlations between measures of employee satisfaction and customer satisfaction before and after a major process reengineering initiative. Findings indicated that there exists a strong relationship between the morale of the employees and the level of service they provide to their customers. The data also shows that certain elements of morale consistently predict customer satisfaction over both periods while others have a more salient role in one period than the other.


Bouranta et al (2005)\textsuperscript{59} opined that internal marketing and customer orientation are important in modern banking institutions because it is the frontline employees of the bank who interact with a majority of customers and generally handle a wide range of banking transactions. The researchers explored the relationship between the Internal Marketing and Market Orientation. Findings revealed that Internal Marketing has a strong positive influence on Market Orientation. It was also found that the components of Internal Marketing have a positive influence on Customer Orientation and the other components of Market Orientation.

Lings and Greenley (2005)\textsuperscript{60} developed an instrument to measure the impact of internal marketing. Five dimensions were identified and explored. Results of the Regression analysis indicate the positive outcomes for customer satisfaction, relative competitive position, staff attitudes, staff retention and staff compliance.

Hwang and Chi (2005)\textsuperscript{61} felt that internal marketing is crucial for service organizations to provide excellent service provision and for a successful external marketing. They attempted to find out the correlations among internal marketing, employee job satisfaction and organizational performance. Findings showed that there exist significant correlations among internal marketing, employee job satisfaction and the organizational performance of international hotels in Taiwan.

Paulin et al (2006) tested a model comparing the overall and customer-linked antecedents and consequences of employee affective organizational commitment. Results indicated that co-worker support and the perception of fair treatment are the precursors of customer-linked job satisfaction. And that customer-linked job satisfaction is more related to organizational commitment than to the overall job satisfaction.

According to Zeithaml et al. (2006) managers aid the providers in their ability to deliver the promised service by recruiting, training, motivating, rewarding and providing needed equipment and technology.

Che Ha, Abu Bakar & Jaffar (2007) viewed internal marketing as an important concept where firms apply marketing tools to attract and retain the best employees which enhance the business performance. They identified 12 constructs of internal marketing which are tested against business performance, they are: inter-functional coordination and integration, customer orientation, marketing like approach, job satisfaction, empowerment, employee motivation, quality of service, employee development, vision of the organization, strategic reward, internal communication and senior leadership.

Kelemen and Papasolomou (2007) discussed the findings of a qualitative study carried out in the UK retail-bank sector on the implementation of internal marketing. They felt that the overall aim of internal marketing is the creation of a united culture around the values of customer service, employee empowerment and service quality.

Lombard and Steyn (2007)\textsuperscript{66} opined that the management of a business firm must create an environment that supports the empowerment of customer-centered employees. The employee and internal training policy, planning procedures and management style of the business should support the creation of an internal climate of that nature. Findings indicated that management should measure the quality level of employees’ internal service delivery through staff meetings, individual recommendations, enquiries and complaints which could stimulate the motivational levels of their employees.

Sabrina and Gustam (2007)\textsuperscript{67} opined that competition in higher education institutions has become more competitive than ever and education institutions need to satisfy their customers (students). They also felt that satisfied customer can be achieved only when the organizations have a satisfied workforce towards their job. They tested the effects of internal marketing on job satisfaction and organizational commitment. Findings showed that internal marketing has a negative influence on job satisfaction and that job satisfaction does not significantly influence organizational commitment.

Lee Park and Park (2008)\textsuperscript{68} developed an integrated model for the relationships between the service provider and the customer in a service supply chain. They further explored the relationships among internal service quality, employee satisfaction, employee loyalty, external interactive, and customer satisfaction using a structural equation model, results revealed that higher internal service quality leads to increased employee satisfaction and loyalty, and ultimately affects external service quality and customer satisfaction.


Tsai and Tang (2008)\textsuperscript{69} investigated the relationship between internal marketing practices and service quality. They adopted a cross-sectional design on the nurses of a hospital to examine the relationship between internal marketing and service quality with structural equation modeling. The results showed that there is a significant positive relationship between internal marketing practices and service quality. Results demonstrated that training programmes have a strong association with service quality but the relationship between performance incentives and service quality was not found. Therefore, to deliver excellence service to patients, service organizations must provide training programmes and establish a clear vision about service excellence to their employees.

Snell and White (2009)\textsuperscript{70} viewed internal marketing as the way in which an organization motivates and educates its employees to behave in a customer conscious manner through the application of marketing-like processes. They conducted an exploratory research into the application of internal marketing within the professional services industry. The findings indicated that internal marketing is implemented in varying degrees to execute wide ranging projects relating to marketing and human resources.

Shiu, Yung-Ming and Yu, Tsu-Wei (2009)\textsuperscript{71} conducted an empirical investigation into the non-life insurance industry in Taiwan, exploring the correlation between internal marketing, organizational culture, job satisfaction, and organizational performance in Taiwan. Results showed significant


\textsuperscript{71} Shiu, Yung-Ming and Yu, Tsu-Wei (2009) 'Internal marketing, organizational culture, job satisfaction, and organizational performance in non-life insurance', The Service Industries Journal, First published on: 20 October 2009 (iFirst).
correlations among internal marketing, organizational culture, job satisfaction, and performance of non-life insurers.

**Nittala and Kameswari (2009)**\(^{72}\) opined that service organizations need to attract and retain customers to ensure a sustainable competitive advantage. In services marketing, the employee plays a central role in attracting, building and maintaining relationships with customers. They conducted an empirical study on the relationship among internal marketing factors and job motivation and job satisfaction in the retail stores in Visakhapatnam city. Results showed that the working conditions and hours, hygiene & sanitation, rest rooms, support from superior, and attitude of colleagues have highest influence on job satisfaction and motivation. Findings showed significant correlations and suggest that the retail stores should concentrate on internal marketing to have the satisfied employees to deliver customer satisfaction.

**Budhwar et al. (2009)**\(^{73}\) presented the context of the rapid growth of the business process outsourcing (BPO) sector in India, and also the simultaneous increase in the turnover of the frontline staff in call centers. Findings of the research revealed a range of reasons – from monotonous work, stressful work environment, adverse working conditions, and lack of career development opportunities; to better job opportunities elsewhere, which emerge as the key causes of increasing attrition rates in the Indian call centre industry.

**Panigyrakis and Theodoridis (2009)**\(^{74}\) examined a synthesis of Internal Marketing and investigated its effect on business performance in a retail context.

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Structural Equation Modelling analysis indicated five dimensions of the Internal Market construct: formal interaction, reward systems, feedback, internal procedures and policies and internal customer orientation (ICO).

Ibrahim et al (2010)\textsuperscript{75} aimed to identify and measure the impact of the components of internal marketing like the recruitment, development, and internal communications, incentives, and to know the impact of a number of demographic factors (gender, age, experience and education) in the relationship between internal marketing and job satisfaction. Findings revealed that demographic factors such as age, years of experience, and level of education had an impact on the relationship between independent variables and job satisfaction, while the variable of gender did not have any impact on this relationship. Also, it was found that incentives were the most influential factor in job satisfaction.

Yang and Coates (2010)\textsuperscript{76} explored the internal service quality of caddie managers encounters with caddies employees from a dyadic perspective so as to improve satisfaction of customer contact employees. Findings revealed that nine dimensions were found to construct the internal service quality of caddy managers in internal service encounters between caddies and caddy managers. They are reliability, responsiveness, assurance, empathy, communication, consideration, fairness, recognition and flexibility.

Akiko Ueno (2010)\textsuperscript{77} identified features that are fundamental in supporting service quality. A literature review was conducted covering total quality management (TQM), internal marketing, and the service quality

\textsuperscript{76} Hua Yang and Nigel Coates (2010) “Internal marketing: service quality in leisure services” Marketing Intelligence & Planning, Vol. 28 No. 6, pp. 754-769.
\textsuperscript{77} Akiko Ueno (2010), “What are the fundamental features supporting service quality?”, Journal of Services Marketing; Vol. 24; No.1; pp. 74–86.
literature, especially the study of service quality gaps. All of these are concerned with the search for service excellence. Findings from a comparative study of these three areas of the literature, it was found that there are seven common features: recruitment and selection, training, teamwork, empowerment, performance appraisals and reward, communication, and culture of the organization.

Shiu and Yu (2010) conducted an empirical investigation into the non-life insurance industry in Taiwan, exploring the correlation between internal marketing, organizational culture, job satisfaction, and organizational performance in Taiwan. Results showed significant correlations among internal marketing, organizational culture, job satisfaction, and performance of non-life insurers.

Abdullah et al (2011) used data from hotel industries in Klang valley in Malaysia to identify factors which could lead to increased tenure, in addition, any linkage between employee satisfaction and teamwork. Findings indicated the existence of a correlation between employee satisfaction and teamwork. Four of the thirteen satisfaction variables, namely, relationship with supervisor, recognition and rewards, working conditions, teamwork and cooperation showed the strongest correlation with the three loyalty variables aforementioned. Further, findings of this study could be used by managers in organizations in developing their staff training programme in order to create satisfied and loyal workers and suggested that companies should be mindful of satisfaction variables such as: recognition and rewards, teamwork and cooperation, working conditions, and relationship with supervisor.

Abzari et al. (2011)\textsuperscript{80} recognized how internal marketing affects organizational commitment. Results determined that internal marketing affects organizational commitment directly and indirectly through market orientation. It means that factors of internal marketing influence market orientation directly and then market orientation affects organizational commitment. Effects of these factors are significant on organizational commitment directly.

Khan et al (2011)\textsuperscript{81} established a link between perceived human resources internal service quality practices with employee retentions in mediating environment of employee job satisfaction. The study finds that employee selection, employee training and development, work design, job definition employee rewards and compensation report high, positive and significant dimensionality to internal service quality in human resource management. The study further finds that internal service quality in human resource has positive and significant effect on employee job satisfaction and employee job satisfaction has positive and significant effect on employee retention. The employees’ selection and their rewards and recognitions, their training and development, work design and job definition all are the most important human resource management areas in enhancing the employees’ job satisfaction and the retention of prospective employees.

Awwad and Agti (2011)\textsuperscript{82} examined the effect of internal marketing, organizational commitment and organizational citizenship behaviors on commercial banks’ market orientation. Data were analyzed using AMOS 16.0 to

determine the interactions between the various factors. Empirical findings confirmed that internal marketing, organizational commitment and organizational citizenship behaviors had a positive direct effect on banks' market orientation. In addition, organizational commitment had a positive direct effect on organizational citizenship behaviors.

**Abdelmoti Suleiman Aburoub (2011)** investigated the relationship between internal marketing and service quality to customers' satisfaction in Jordan commercial banks. Findings revealed that the employee sample attitudes were positive towards internal marketing such as service culture, human resources development, motives system and rewards and the customer sample attitudes were positive towards banking service quality represented by tangibility, reliability, responsiveness, assurance, empathy.

**Davoudi and Ravneet Kaur (2012)** attempted to demonstrate the important linkage between internal marketing and human resource management (HRM). They critically reviewed the relevant literature about internal marketing, human resources management and the link between internal marketing and human resources management are described. They proposed a model illustrating the linkage between IM and HRM which leads to firm’s superior performance. The findings of the literature review stated that marketing and human resource management departments should be aligned and integrated with each other and that human resources managers should apply the same strategies that marketing managers use to promote products and services outside the organization.

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Kameswari and Rajyalakshmi (2012)\(^{85}\) opined that internal marketing is relevant to all organizations and especially critical for a people intensive industry such as services. They examined the relationship between the internal marketing dimensions and career benefits and employee job satisfaction in State Bank of India. Findings of the study revealed that the internal marketing dimensions of work content, training, support from superior, support from colleague and recognition have a strong and significant influence on employees’ job satisfaction and that the dimension working conditions has a low but significant influence on the employee job satisfaction. It was also found that career benefits have a strong and positive influence on employee job satisfaction.

Ahmad and Al-Borie (2012)\(^{86}\) examined the impact of internal marketing on job satisfaction and organizational commitment of the teaching hospitals in Kingdom of Saudi Arabia. The independent variables are internal marketing factors was namely selection and appointment, training and development, organizational support, incentives and motivation, and retention policy. The dependent variables were represented by and job satisfaction and organizational commitment. Findings showed that internal marketing factors like selection and appointment, training and development, organizational support, incentives and motivation, and retention policy had a positive effect on Saudi teaching hospitals physicians' job satisfaction, and organizational commitment.


REVIEWS ON JOB SATISFACTION

Herzberg, Mausner, Peterson and Capwell (1957)\(^{87}\) stated that the term job satisfaction is multidimensional: “there can be satisfaction with the specific activities of the job; with the place and working conditions under which the job is performed; or with specific factors such as economic rewards, security, or social prestige”. Issues such as: How to measure job satisfaction, what does job satisfaction consist of, aroused much interest of different researchers.

Smith et al (1969)\(^{88}\) created the Job Descriptive Index (JDI) to measure employee job satisfaction. They suggested five major characteristics, which contribute to the job satisfaction of an employee. They are “work itself”, “pay package”, “promotional opportunities”, “nature of supervision” and “inter-personal relationship with peers”.

Hackman and Oldham (1975)\(^{89}\) suggested that jobs differ in the extent to which they involve five core dimensions: Skill variety, Task identity, Task significance, Autonomy, Task feedback. They suggest that if jobs are designed in a way that increases the presence of these core characteristics three critical psychological states can occur in employees: Experienced meaningfulness of work, experienced responsibility for work outcomes, and Knowledge of results of work activities. According to Hackman and Oldham, when these critical psychological states are experienced, work motivation and job satisfaction will be high.


Weiss, Dawis, England and Lofquist (1977)\textsuperscript{90} developed Minnesota Satisfaction Questionnaire measuring job satisfaction on twenty aspects including: ability utilization, co-workers, moral values, achievement, creativity, recognition, activity, independence, responsibility, advancement, security, supervision human relations, authority, social service, supervision-technical, company policies, social status, variety, compensation, and working conditions.

Freedman (1978)\textsuperscript{91} is of the view that when effective rewards and recognition are implemented within an organization, favorable working environment is produced which motivates employees to excel in their performance. Employees take recognition as their feelings of value and appreciation and as a result it boosts up morale of employee which ultimately increases productivity of organizations.

A study conducted by Murray and Atkinson (1981)\textsuperscript{92} investigating gender differences in determinants of job satisfaction, reflected that females attach more importance to social factors, while males place greater value on pay, advancement and other extrinsic aspects.

Pathak (1983)\textsuperscript{93} utilized a sample of 150 bank officers from four major public sector banks in India. The important finding that emerged was that the bank officers, regardless of their job involvement, wanted more "decision making authority," "opportunity for personal growth and development," and "recognition for good work done." One factor of importance for job involvement appeared to be satisfaction with "recognition for good work done."

Recommendations based on the findings include adequate feedback and incentives for good work, widening the area of responsibility, larger delegation of authority, and tangible as well as symbolic modes of recognition for raising need satisfaction and job involvement.

**Anderson (1984)** indicated that satisfaction depends on the difficulty of the job, the adequacy of management communication, training, promotion policies, supervision, demographic and situational variables and other factors, which include co-worker/colleague support.

**Singh (1990)** pointed out that the job satisfaction is a part of life satisfaction, the nature of one's environment off-the-job. Similarly, a job is an important part of life, job satisfaction influences one's general life satisfaction as an effective reaction, feeling of employees with job, supervision, coworkers, salary/pay and his/her current and future career progress. The causes of employees' satisfaction are restricted to implant factors alone but they sum the whole gamut of men's needs and aspirations.

**Surya Prakasa Rao (1991)** elaborated job satisfaction as “a person’s feeling of satisfaction with different aspects of the job, such as nature of work, supervisors, co-workers, leadership style, etc., and of the particular importance one attaches to these components.

**Akhilesh and Mathew (1991)** tried to understand employees’ perception about the job and established a relationship between job characteristics and

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95 Singh, S. 1990. Organizational stress and executive behaviour, New Delhi: Shri Ram Centre for Industrial Relations and Human Resources.
desired work behaviour. The research found that at the clerical level, rewards and sanctions are significantly associated with job involvement. The findings further revealed that there exists a significant correlation between work motivation and three core components of job characteristics: job authority, job accountability and job feedback.

According to **Bitner (1992)**\(^9\) satisfied employees will embrace enhanced behaviour that will lead to the provision of higher quality services thus raising the customers’ satisfaction. Therefore, managers must be in a position to understand and provide for the needs of their employees. Therefore an increase in job satisfaction will be the main factor that employees will consider while considering to stay in their jobs or move elsewhere.

**Schermerhorn (1993)**\(^9\) defines job satisfaction as an affective or emotional response towards various aspects of an employee’s work and that likely causes of job satisfaction include status, supervision, co-worker relationships, job content, remuneration and extrinsic rewards, promotion and physical conditions of the work environment, as well as organizational structure.

**Deeprose (1994)**\(^10\) argued that the motivation of employees and their productivity can be enhanced through providing them effective recognition which ultimately results in improved performance of organizations. The entire success of an organization is based on how an organization keeps its employees motivated and in what way they evaluate the performance of employees for job compensation.


Cherrington (1994)\textsuperscript{101} postulated that employees experiencing high satisfaction levels contribute to organizational commitment, job involvement, improved physical and mental health, and improved quality of life both on and off the job. Job dissatisfaction on the other hand, culminates in higher absenteeism, turnover, labour problems, labour grievances, attempts to organize labour unions and a negative organizational climate.

Asha (1994)\textsuperscript{102} analyzed the social-psychological characteristics of family had any effect on the job satisfaction of women employees. The study revealed that job satisfaction among women employees was related to their perception of family environment.

Wilson (1994)\textsuperscript{103} stated that the conditional recognition is that type of recognition which one has to earn by his own efforts and which is gained by some sense of achievement of an action or result. Employees are definitely closer to their organization as their job can become the major satisfaction in their life after having a proper rewards and recognition at their job. Rewards enhance the level of productivity and performance at job whether it’s a first time performance or repeated activity at the job in a progressive way.

Rao and Narayana (1994)\textsuperscript{104} viewed job satisfaction as “an integral component of organizational climate and an important element in management-employee relationship. Job satisfaction is a positive emotional state that occurs when a person’s job seems to fulfill important job values provided these values are compatible with one’s needs.

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\item Cherrington, D.J. (1994). Organizational behavior (2nd ed.). Boston: Allyn and Bacon, Inc.
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La Motta (1995) is of the view that performance at job is the result of ability and motivation. Ability formulated through education, equipment, training, experience, ease in task and two types of capacities i.e. mental and physical. The performance evaluation and rewards are the factors that proved to be the bonding agents of the performance evaluation programs.

Morgan et al. (1995) provided data on the nature and sources of job satisfaction/dissatisfaction and on the assessment of the relative importance of various intrinsic (content) and extrinsic (context) occupational characteristics. They analyzed the satisfaction criteria against a variety of variables such as age, gender, and tenure and career development.

Clark, Oswald and Warr (1996) proposed a U-shaped trend in relation to age and job satisfaction, stating that younger workers start with high job satisfaction but decreases at around 20 years of age and then increases again around 30 to 39 years of age.

Tin Yuan (1997) analyzed various job characteristics affecting job satisfaction of employees. The findings revealed that job characteristics such as pay satisfaction, promotional opportunity, task clarity and significance and skill utilization significantly influence the job satisfaction of federal government employees.

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Metle Meshal (1997)\textsuperscript{109} analyzed the relationship between age and job satisfaction among Kuwait women employees in the Kuwait private sector banks. The findings showed that age had significant effect on the job satisfaction of female bank employees in Kuwait.

Flynn (1998)\textsuperscript{110} argued that rewards and recognition programs keep high spirits among employees, boosts up their morale and creates a linkage between performance and motivation of the employees. The basic purpose of recognition and reward program is to define a system to pay and communicate it to the employees so that they can link their reward to their performance which ultimately leads to employee’s job satisfaction.

Cherrington (1998)\textsuperscript{111} found that age, education and occupation are three personal characteristics that have been constantly related to job satisfaction.

Nazir and Nazir (1998)\textsuperscript{112} measured overall job satisfaction of bank clerks in order to measure the importance of job aspects on overall job satisfaction of bank employees. Findings revealed that income and level of education are significantly related to job satisfaction. Moreover, overall job satisfaction was significantly higher among the respondents who were satisfied with 13 job components (duration of work, nature of work, relation with co-workers, recognition for good performance, comfortable working conditions, adequate earnings, work climate, responsibility, job security, ability utilization, opportunity for advancement, promotion opportunities and management policy) than their counterparts.

In support, Tang and Talpade (1999)\textsuperscript{113} maintained that there is a significant difference between males and females in terms of job dimensions impacting on job satisfaction. Their study found that men tend to have higher satisfaction with remuneration in relation to females, while females tended to have higher satisfaction with co-workers than males.

According to Appelbaum and Kamal (2000)\textsuperscript{114} autonomy and group cohesion are positively related to job satisfaction, and contribute to create a positive psychological climate within an organization. They further stated that demographic data and individual aspects like age, gender, work ethics, rank and length of service have a positive correlation to job satisfaction.

Connolly & Viswesvaran (2000)\textsuperscript{115} in their research showed a link between age and job satisfaction. Findings of the study indicated that as people mature, job satisfaction increases and play an important role in their lives. Mature workers become more aware of their needs and often make better choices.

Robbins (2001)\textsuperscript{116} asserted that promotions create the opportunity for personal growth, increased levels of responsibility and an increase on social standing. Similarly, the recognition which is a central point towards employee motivation adores an employee through appreciation and assigns Fortune best companies which discriminates companies from the others is recognition that is the most important factor of their reward system.


A study conducted by Ellickson and Logsdon (2002) reflected that job satisfaction of public sector employees was significantly influenced by perceptions of employee satisfaction in terms of pay, promotional opportunities, relationships with supervisors, employees’ performance management systems and fringe benefits.

Shard Kumar and Patnik (2002) conducted a survey on organizational commitment, attitude towards work and job satisfaction of post graduate teachers in Goa “regarding the five factors – pay, security, social satisfaction, supervisors, and growth satisfaction. Findings showed that those who have more organizational commitment are satisfied and those who have positive attitude towards work are also satisfied in their jobs.

Oshagbemi (2003) cited several reasons for the variance in job satisfaction between older and younger workers. The author postulated that older workers possess more seniority and work experience enabling them to move easily into more rewarding and satisfying jobs. Older workers place less emphasis on autonomy or promotion, thus they demand less from their jobs, making them more satisfied than their younger counterparts. Workers tend to adjust to work values and the work environment the longer they are employed, adding to greater job satisfaction.

Oshagbemi (2003) found that the personal attributes such as age, gender, length of service etc correlates to job satisfaction and are important because they take into account the differences between people.

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Sarker et al. (2003) examined whether age and tenure are individual determinants of job satisfaction. The results indicated that employee age is not significantly associated with overall job satisfaction level, but tenure is significantly associated with the overall job satisfaction. There is also a significant relationship between tenure and facets of satisfaction (job, pay and fringe benefits), but the effect of tenure on satisfaction is significantly modified by age.

Bajpai and Srivastava (2004) studied the satisfaction levels of employees of two public sector and two private sector banks in India. The results indicated that layoff threats, quick turnover, less welfare schemes, and less scope for vertical growth increased job dissatisfaction. In contrast, secure job environment, welfare policies, and job stability increased the degree of job satisfaction.

Snipes et al (2005) have made a study on the specific effects of different aspects of job satisfaction on perceived customer satisfaction. The study indicated that the facets of job satisfaction have different importance to customers’ perceptions of service quality. The three facets with the highest contribution to customer satisfaction were “satisfaction with customers”, “satisfaction with the work itself” and “satisfaction with benefits”. They suggested that managers should focus recruitment on customer oriented persons, since these persons are more likely to perform customer-oriented activities.

According to Broad (2007)⁵ tangible incentives are effective in increasing performance for task not done before, to encourage “thinking smarter” and to support both quality and quantity to achieve goals. Incentives, rewards and recognitions are the prime factors that impact on employee motivation. The factors like incentives and rewards are the most preferred factors for employee motivation programs.

In their study, Kumudha and Abraham (2008)⁶ compared 100 managers from 13 public and private sector banks and found that the programs related to self-development, information about job openings, opportunities to learn new skills and retirement preparation programs greatly influence the feelings of career satisfaction.

Hussami (2008)⁷ investigated the relationship of nurses' job satisfaction to organizational commitment, perceived organizational support, transactional leadership, transformational leadership, and level of education. The analytical procedure of multiple regression was utilized to determine the predicting strength among job satisfaction and the independent variables: organizational commitment, perceived organizational support, transactional and transformational leadership behavior, and nurses' level of education.

Raj Kamal and Debasish Sengupta (2008-09)⁸ through their research made an attempt not only to ascertain the degree of overall job satisfaction prevailing among the bank officers but also to elicit officer’s views on the

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different factors contributing to their job satisfaction. It is also observed that as a person ages, his job satisfaction shows an increasing trend. With age, spiritualism of the person increases, but his alternatives for change decreases. Younger employees have more energy, more expectations and more options, and hence have lesser satisfaction with the job. Overall the job satisfaction of bank officers though is not very high but still satisfactory.

Arunima Shrivastava and Pooja Purang (2009) examined the job satisfaction level of a public sector and private sector bank employees in India. Results indicated that the means of the public and private banks were significantly different from each other. They further found that private sector bank employees showed greater satisfaction with pay, social, and growth aspects of job as compared to public sector bank employees. On the other hand, public sector bank employees have expressed greater satisfaction with job security as compared to private sector bank employees.

Buitendach & Rothmann (2009) conducted a cross-sectional survey design to assess the construct equivalence of the Minnesota Job Satisfaction Questionnaire (MSQ), and to investigate the manifestation of job satisfaction at selected organizations in South Africa. The results confirmed a two-factor model of job satisfaction, consisting of extrinsic job satisfaction and intrinsic job satisfaction. The results obtained from comparing job satisfaction levels of various demographic groups showed that practically significant differences existed between the job satisfaction of different age and race groups.

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Sang et al (2009)\textsuperscript{129} found that aspects of job satisfaction that often have been researched upon are pay, colleagues, supervisors, working conditions, job security, promotion prospects, the company in question and the nature of work. They stated that these facets have all proven to be correlating to overall job satisfaction and positively inter-correlated with each other.

Rutherford et al (2009)\textsuperscript{130} used a seven-dimension scale to measure job satisfaction, in which the dimensions are similar to the ones mentioned by Sang et al (2009); overall job, coworkers, supervision, company policy and support, pay, promotion and advancement and customers.

Ali and Ahmed (2009)\textsuperscript{131} confirmed that there is a statistically significant relationship between reward and recognition respectively, and also between motivation and satisfaction. The study revealed that if rewards or recognition offered to employees were to be altered, then there would be a corresponding change in work motivation and satisfaction.

Masroor and Fakir (2009)\textsuperscript{132} investigated the level of job satisfaction and intent to leave among Malaysian nurses. Findings indicated that the nursing staffs were moderately satisfied with their job in all the six facets of job satisfaction i.e. satisfaction with supervisor, job variety, closure, compensation, co-workers and HRM/management polices and therefore exhibits a perceived lower level of their intention to leave the hospital and the job.

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Danish and Usman (2010) attempted to find out the major factors that motivate employees and it tells the relationship among reward, recognition and motivation while working within an organization. The analysis showed that different dimensions of work motivation and satisfaction are significantly correlated and reward and recognition have a greater impact on motivation of the employees. Therefore to retain efficient and experienced workforce in an organization it is very crucial to have an overall increased performance of an organization.

Orisatoki and Oguntibeju (2010) investigated the level of job satisfaction among supermarket workers. Respondents were asked to complete a 10-item job satisfaction questionnaire. The response rate was 74%. The percentage of satisfied workers was 70%. There were no significant satisfaction differences between genders or between age groups. There was positive correlation between job satisfaction with understanding the goals and objectives of the management and sense of belonging. There was no significant correlation of job satisfaction with other factors such as knowledge about workplace, work stress, relationship with colleagues, but negative correlation of job satisfaction with salary.

Nicholas and Haupt (2010) investigated the perceived age differences in job satisfaction of construction workers in South Africa, and how these differences affect job overall satisfaction of young and old workers on construction sites in South Africa. Results indicated that job satisfaction differential does not exist between younger and older workers in South Africa.

Overall the findings suggested that although both younger and older workers rank the relationship with workmates as being poor, age does not have an influence on the effects of the aspects of work. It was also found that the younger workers reported poor recognition of their abilities, and the older workers reported suffering from a “lack of alertness” as the most ranked effect.

According to Karthikeyan et al (2010) employee training has become a necessity to many of the banking organizations in recent times because the employees are entrusted different roles and responsibilities in the banks. They assessed the effectiveness of the various facets of training i.e. employee’s attitude towards training inputs; quality of training programmes; training inputs and application of training inputs to the actual job. The findings indicated that as effectiveness of training increases it has a direct and positive influence on growth & result of the banks.

Ali et al. (2011) identified the factors which determine level of public employees’ job satisfaction. Findings revealed that there is a strong relationship between employee satisfaction and loyalty in a branch of Social Security Institution in public sector in Turkey. Training and personal development was found to be the most effecting factor of customer satisfaction. The study also finds a positive relationship between working conditions and satisfaction.

He et al. (2011) attempted to know how service climate improves customer satisfaction in the hospitality industry based on evidence from mainland of China. It considers different dimensions of service climate.

separately, including customer orientation, managerial support and work facilitation, and introduces an important mediator - employee commitment - to examine the relationship between service climate and customer satisfaction. Results indicated that different dimensions of service climate have different effects on customer satisfaction. Customer orientation has a direct and positive influence on customer satisfaction, while two other dimensions of service climate, managerial support and work facilitation, have indirect positive influence on customer satisfaction, through improving employee commitment.

Sowmya and Panchanatham (2011) studied job satisfaction of employees in new private sector and select public sector banks specifically in the banking sector of the main metropolitan city named Chennai. The results revealed that in the case of job satisfaction aspects the commercial banks perceived pay and promotion as an indispensable factor to decide their satisfaction level. And that the employees’ satisfaction towards supervisory behaviour showed a significant inclination. Further the analysis identified that job suitability as well as the working condition and other interpersonal relationship among the workers ascertain their level of satisfaction within the working domain.

REVIEW ON SERVICE QUALITY & CUSTOMER SATISFACTION

Customer satisfaction is a measure of how products and services supplied by a service organization meet or surpass customer expectation. It is seen as a key performance indicator within business. In a competitive marketplace where businesses compete for customers, customer satisfaction is seen as a key differentiator and increasingly has become a key element of business strategy.

Parasuraman et al. (1985)\textsuperscript{140} provided the basis for the measurement of customer satisfaction towards service by using the gap between the customer's expectation of performance and their perceived experience of performance. This provides the measurer with a satisfaction "gap" which is objective and quantitative in nature. They identified ten determinants of service quality. They are – Tangibles, reliability, responsiveness, communication, access, competence, courtesy, credibility, security, understanding/knowledge of customer. These ten dimensions were further purified and developed into five dimensions. They are: tangibles, reliability, responsiveness, assurance and empathy to measure service quality, SERVQUAL (Parasuraman et al, 1998\textsuperscript{141}).

In 1982, the National Institute of Bank Management, Pune\textsuperscript{142} conducted a survey on the customer service climate of the banking sector in India by collecting the opinions of the bank employees from all the regions of India. The study revealed that the banks, which were low on performance, were perceived by their employees as low in customer service. The study also revealed that banks which were low on profitability were also lacking in customer service focus and personnel systems like job rotation, training and confidential reporting systems.

Gronroos (1990)\textsuperscript{143} postulated six criteria of perceived good service quality: professionalism and skills; attitudes and behaviour; accessibility and flexibility; reliability and dimensions- attentiveness/ helpfulness, responsiveness, care, availability, reliability, access, flexibility, aesthetics, cleanliness/tidiness, comfort and security.

Johnston et al. (1990)\textsuperscript{144} identified fifteen dimensions of service quality categorized as “hygiene factors”, “enhancing factors” and “dual-threshold factors”. “Hygiene factors” are expected by the customer and dissatisfaction of customers would occur if they are not delivered. “Enhancing factors” will lead to customer satisfaction but will not necessarily lead to customer dissatisfaction if they are not delivered. Failure to deliver “dual-threshold factors” will cause dissatisfaction and will enhance customer’s perceptions of service and lead to satisfaction if they are delivered above a certain threshold.

Swartz et al. (1992)\textsuperscript{145} felt that the unique characteristics affect the nature and quality of service in the bank. According to them the service components of the bank products are evidently dependent on human action and behaviour for their delivery to the customer. Behaviour according to them can be identified as the degree and power of authority the employee has, the systems and procedures that facilitate the employee to deliver, the appropriateness’ of the training, the employees attitude towards their work, and value for the organization.

Cronin and Taylor (1992)\textsuperscript{146} defined and measured customer satisfaction as a one-item scale that asks for the customers’ overall feeling towards an organization. By using a single item scale to measure customer satisfaction, Cronin and Taylor’s approach fails to do justice to the richness of the construct, as it has failed to acknowledge that, like service quality, customer satisfaction is also likely to be multidimensional in nature.

According to Luiz and Douglas (1993)\textsuperscript{147} the nature and direction of the satisfactions that are delivered to consumers of bank services are explored, and the criteria used to evaluate these services were highlighted. They used the non-metric multidimensional scaling technique for a spatial representation of the respondents' perceptions towards the service offered by the bank. Findings revealed that respondents had high levels of satisfaction with regard to the location and accessibility of branches and ATMs, and acceptance of the current levels of banking fees; but expressed some dissatisfaction in their evaluation of new and improved services.

Johnston (1995)\textsuperscript{148} provides 18 service dimensions and their definitions: access, aesthetics, attentiveness, availability, care, cleanliness/tidiness, comfort, commitment, courtesy, communication, competence, flexibility, friendliness, functionality, integrity, reliability, responsiveness, and security.

The exploratory study conducted by Stafford (1996)\textsuperscript{149} reported the distinct elements of bank service quality as perceived by customers. Seven attributes were found in assessing bank service quality. The first attribute, named "bank atmosphere"; included cleanliness, as well as an overall positive and courteous attitude by employees (kindness, friendliness, and pleasantness). The second attribute, 'relationship", indicates the importance of a personal relationship with the bank employees, where customers are recognized easily by long-term employee. The third attribute, "rates and charges", indicates that low costs and high interest rates can affect an individual's perception of bank service quality. The fourth attributes, "available and convenient services",

indicates a full array of services that available, easily accessible and convenient. The fifth attribute, "ATMs", indicates available, convenient, and working automatic teller machines. The sixth attribute, "reliability/honesty", indicates the importance of a solid bank rating and honest, reliable employee. The seventh attribute, "teller", indicates adequate and accessible teller. A finding of the study suggests service quality may be more important to women than to men when transacting business with a bank.

Levesque and McDougall (1996)\textsuperscript{150} pointed out that customer satisfaction and retention are critical for retail banks. They investigated the major determinants of customer satisfaction and future intentions in the retail bank sector. They identified the determinants which include service quality dimensions like getting it right the first time, service features like competitive interest rates, service problems, service recovery and products used. The major finding was that service problems and the bank’s service recovery ability have a major impact on customer satisfaction and intentions to switch.

Goode et al (1996)\textsuperscript{151} tested a hypothesized model which measured the overall satisfaction gained from the services attached with the use of automated teller machines (ATMs). They used a LISREL model to test the structural effects of exogenous variables expectations and perceived risk on a number of latent variables like desires congruency, self-congruity, perceptions of relative influence and behavioural intentions to a number of endogenous variables satisfaction, recommendations to others, full use of services and the frequency of use. Findings from the analysis established a number of important structural links within the model which suggested that for banks to increase customers’


overall satisfaction and the usage of available services they must target factors which directly affect customers’ expectations and perceived risk.

Robert Johnston (1997) categorized the service quality factors in terms of their relative importance and their effect on satisfaction and dissatisfaction. Findings revealed that some of the service activities like increasing the speed of processing information and customers, have an important affect in terms of delighting customers, however service activities like reliability of the equipment lessens the dissatisfaction of the customer rather than causing delight. They also suggested that banks first need to deal with the dissatisfiers before the satisfiers. They further suggested banks need to concentrate on two areas to achieve a distinct advantage; they are genuine commitment and attentiveness by front-line staff.

Ugur et al (1997) studied the relationships between service quality, and customer satisfaction, complaint behaviour and commitment. Results concluded that the ultimate success of any service quality programme implemented by a bank can only be gauged by creation and retention of satisfied customers which is possible when employees or the customer – contact personnel are satisfied. They further highlighted the importance and role of customer-contact personnel in the attainment of the organizational goals.

Angur et al. (1999) examined the applicability of alternative measures of service quality in the banking industry in India. Data was gathered from customers of two major banks in the retail banking industry. The results suggested that the service quality concept in the retail banking of India as one

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of the developing economy is a multidimensional construct of service quality.

Bahia and Nantel (2000)\textsuperscript{155} developed a scale for the measurement of the perceived service quality of retail banking in Canada. They argued that the universality of the five dimensions of SERVQUAL across different types of services had been questioned in a number of subsequent studies. They also argued that these five dimensions are not fully generic. They remodeled and tested the measurement scale. Based on this procedure, they proposed a scale that was called as bank service quality (BSQ). The BSQ comprises 31 items, which span six dimensions: effectiveness and assurance, access, price, tangibles, service portfolio, and reliability.

Cronin et al. (2000)\textsuperscript{156} synthesized and conceptualized the effects of quality, satisfaction, and value on consumers’ behavioral intentions. Findings revealed that service quality, service value, and satisfaction are all directly related to behavioral intentions when all of these variables are considered collectively. The results further suggest that the indirect effects of the service quality and value constructs enhanced their impact on behavioral intentions.

Lin et al. (2001)\textsuperscript{157} examined the relationship between the personality of the service providers and the service quality performance they provide. The Five-Factor model of personality and the SERVQUAL model of service quality were used to substantiate the hypothesized relationship. Empirical data from 143 pairs of employees and customers indicate that employees with different personality traits perform differently on customers' perception of service quality.


The results indicated that openness correlated with assurance, conscientiousness was a valid predictor of reliability, extraversion was positively related to responsiveness, and agreeableness significantly correlated with both empathy and assurance. Moreover, the relationship between personality and service quality was moderated by customers' gender.

**Sureschandar et al (2002)**\(^{158}\) developed an empirical model of service quality with specific focus on the banking sector. They proposed the five critical factors of service quality from the customers' perspective i.e. human element of service delivery, core service or service product, systematization of service delivery, tangibles of service, and corporate social image. These factors resulted from modifying the original SERVQUAL instrument, by adding and/or reducing other relevant factors.

**Prabhakaran (2003)**\(^{159}\) examined various service attributes in the banking sector, which form the evaluative criteria for customer satisfaction. The common service dimensions were based on the SERVQUAL model: reliability, responsiveness, assurance, empathy and tangibility. The findings revealed that empathy is an important factor in maintaining human behaviour and that service quality alone acts as the winning edge in a highly competitive environment.

**Bhat and Gani (2003)**\(^{160}\) found that customers of public sector banks were least satisfied with the services provided such as physical facilities, automation, behaviour and efficiency of staff, service time etc. in comparison to foreign and private sector banks. These findings proved that the condition of public sector banks in India is comparatively low when compared to other banks.


public sector banks need to invest in up-to-date technology and equipment, improving employees skills and behaviour by conducting training/workshops, opening special counter for customer queries, cleanliness etc. to compete with the private and foreign banks.

**Bitner et al. (2004)**\(^{161}\) in their research work collected 700 incidents from customers of airlines, hotels and restaurants. The incidents were categorized to isolate the particular events and related behaviours of the contact employees that cause customers to distinguish very satisfied service encounters from very dissatisfied ones.

**Ding Hooi Ting (2004)**\(^{162}\) focused on service quality and satisfaction judgment of customers in banking institutions in Malaysia. The study determined the relationship between service quality and satisfaction, where service quality is the independent variable and satisfaction is the dependent variable. Findings of the study provided a better understanding towards the behaviour of customers as compared to the linear models.

**Spathis et al. (2004)**\(^{163}\) discussed the service quality of Greek banks on the basis of their customers’ perceptions and analyzed how gender differences affect customers’ perceptions of service quality dimensions such as effectiveness and assurance, access, price, tangibles, service portfolio, and reliability. The results supported the hypothesis that gender affects service quality perceptions and the relative importance attached to various banking service quality dimensions. It is found that male clients have a more positive perception of the quality of service they receive than women clients. Further they provided important information

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for bank managers to use in developing operational, human resource, and marketing strategies, and in targeting those strategies in terms of the gender differences in quality perceptions among their customers.

**Nelson and Chan (2005)** evaluated the influence of relationship marketing on the perceived quality of bank-customer relationship, and on customer satisfaction in the Malaysian banking sector. Results showed that five key dimensions, namely: competence, communication, conflict handling, trust, and relationship quality, discriminate between customers in terms of perceived relationship quality and customer satisfaction. Findings revealed that banks can create customer satisfaction by exhibiting trustworthy behaviour, showing genuine commitment to service, communicating information to customers efficiently and accurately, delivering services competently, handling potential and manifest conflicts skillfully, and improving overall customer relationship quality.

**Arora (2005)** analyzed the factors influencing customer satisfaction in public sector, private sector and foreign banks in northern India. Findings showed that there exists a significant difference in the satisfaction level of customers in each group of the banks towards routine operation, situational and interactive factors. The study proved that the foreign banks were the leaders in providing a modern mechanization and automation and the customers of these banks were highly satisfied with the staff factor whereas public sector bank customers were the least satisfied.

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Debashish and Mishra (2005)\textsuperscript{166} measured and analyzed the customer satisfaction in branch services provided by nationalized banks in Northern India. They found that customer satisfaction is strongly influenced by computerization in banks, accuracy in transactions, attitude of staff and availability of staff at respective bank counter. The factor that had the least impact was promotion, awareness of customers regarding the bank charges, banks innovativeness in new services and efficiency of staff in rectifying errors.

Joshia and Koshi (2005)\textsuperscript{167} evaluated and compared the service quality in the old and new generation banks in Karnataka, India. They found that for the new generation banks the customers were satisfied on reliability, empathy and price. A negative relationship was found between the expectations and perceptions for the old banks and hence new generation banks were performing better than the old generation banks.

Investigations done by Raul and Ahmad (2005)\textsuperscript{168} on customer service in the public sector banks in Assam found that the customers were dissatisfied with management, technology and interactive factors and high service charges. They further found that communication gap was the root cause of poor service quality in the study area and also there was a wide gap in rendering services in urban and rural areas.

Sharma and Sharma (2006)\textsuperscript{169} measured the customers delight in urban consumer banking. The findings revealed that the customers were satisfied with loan facilities, bank environment, routine work procedures, location, and attitude

of the staff, interest rates and deposit schemes of the banks and were dissatisfied with loan formalities and promotion through media.

Snipes et al. (2006) examined the gender differences in customer ratings of service performance and also to investigate gender differences in perceptions of service fairness. Results showed that biases exist in service quality evaluations. Specifically, it showed that male service providers receive higher service quality ratings than female service providers. But the gender bias diminished when service fairness is considered. It is further found that customer perceptions towards fair treatment are important determinants of overall satisfaction than the gender of the service provider. Also a significant difference existed between males and females in their perceptions of service fairness and that males tend to rate the fairness of service encounters higher than females.

Elango and Gudep (2006) focused on the service quality and customer satisfaction among the private, public and foreign banks in India. They carried out an analysis to examine the level of awareness among customers and to identify the best sector which provides qualitative customer service. Results indicated that the awareness and satisfaction level for the private, public and foreign banks were consistent. The comparative analysis of the service among the three major segments revealed that the foreign banks are delivering more qualitative customer service and the private sector banks are competing successfully with the foreign banks. Further, the performance of the public sector commercial banks was not good.

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Dash et al (2007) measured the customer satisfaction through the five service quality dimensions. For this purpose 132 customers of SBI and ICICI were surveyed. Findings showed that assurance was the most important dimension of service quality followed by reliability and responsiveness. The factor tangible was found to be the least important. Further the findings showed that there exists a significant difference between the expectations and perceptions of the customers of SBI and ICICI.

Sudhahar and Selvam (2007) strived to bring to light some of the critical determinants of service quality for measuring customer perceived service quality. Findings of the study revealed that public sector banks need to improve their performance by revamping their service marketing strategies. Results further revealed that while the public sector bank SBI is closely related to security, reliability and credibility but needs to improve on aspects such as tangibility, fairness, and treatment and more importantly on accessibility and courteous behaviour of employees towards their customers. They also pointed out the need for the private banks to concentrate on reliability, credibility and security aspects in delivering service to their customers.

Chang et al (2008) examined the relationship between service quality of senior care and customer satisfaction in rural Taiwan based on SERVQUAL ten dimensions (i.e., access, communication, competence, courtesy, credibility, reliability, responsiveness, security, tangibles and understanding the customer)

and Lee’s food service. Results showed that access, courtesy and food service are significantly and positively related to customer satisfaction.

Rod et al. (2009)\(^ {175}\) examined the relationships among three dimensions of service quality that influence overall internet banking service quality and its subsequent effect on customer satisfaction in a New Zealand banking context. Results showed significant relationships among online customer service quality, online information system quality, banking service product quality, overall internet banking service quality and customer satisfaction.

Texak and Kaur (2009)\(^ {176}\) compared customer satisfaction in public and private sector banks in India. The reports revealed that customers of public sector banks were found to be more satisfied with the traditional banking services such as ATM, demand draft and cheque book facility and bank accounts as compared to customers of private sector banks. Further, they found that in the case of private sector banks customers were more satisfied with counter services such as cash deposits, cash payment, and issue of drafts, cheque payment and cheque deposit. The study highlighted that the public sector banks provided better service to customers than the private sector banks.

Ismail et al. (2009)\(^ {177}\) explored the relationships among service quality features (responsiveness, assurance, and empathy), perceived value and customer satisfaction. The results indicated that the interaction between perceived value and responsiveness and assurance was not significantly correlated with customer satisfaction. And the interaction between perceived


value and empathy correlated significantly with customer satisfaction. The study confirmed that perceived value acts as a partial moderating variable in the service quality models of the organizational sample.

Singh and Komal (2009)\textsuperscript{178} made a comparative study of three major banks i.e. State Bank of India, ICICI bank and HDFC bank to know the impact of ATM on customer satisfaction. They examined the customer satisfaction level in the three banks under study with special reference to problems faced, responses about the fee charged and post purchase behavior of the consumers after using ATM and the relationship between various ATM facilities, factors affecting the choice of ATM and its interplay with customer satisfaction. Findings revealed that material satisfaction level is highest in SBI, then second is ICICI Bank and third is HDFC Bank. This is due to the size of the respective bank and number of years of its establishment. But in terms of efficiency and performance, HDFC Bank is at 1\textsuperscript{st} position, 2\textsuperscript{nd} is ICICI Bank and 3\textsuperscript{rd} is SBI in customer satisfaction.

In the survey conducted by Khan, Mahapatra and Sreekumar (2009)\textsuperscript{179} on customer’s perspective towards service quality of internet banking in India, seven quality dimensions viz. reliability, accessibility, user friendliness, privacy/security, efficiency, responsiveness and fulfillment, are identified based on principal component factor analysis. Demographic analysis of data revealed that gender is hardly a bias for use and evaluation of service quality of internet banking in most of the cases across various categories of customers. Results showed that customers are satisfied with quality of service on four dimensions such as reliability, accessibility, privacy/security, responsiveness and fulfillment, but least satisfied with the ‘user-friendliness’ dimension.

According to Ismail et al. (2009)\textsuperscript{180} service quality has three salient features: responsiveness, assurance and empathy. Findings showed that the interaction between perceived value and responsiveness and assurance were insignificantly correlated with customer satisfaction. It is also revealed from the findings that the interaction between perceived value and empathy significantly correlated with customer satisfaction.

Ravichandran (2010)\textsuperscript{181} examined the influence of perceived service quality on customer satisfaction. Results indicated that the extent of the quality disconfirmation in five dimensions: tangibles, Empathy, responsiveness, reliability, and assurance were positive, and that the respondents’ perceptions were greater than expectations and the respondents’ were satisfied with banks service quality. Findings also showed that responsiveness was found to be more significant in predicting the overall satisfaction of the customer with the bank service.

Munusamy, Chelliah and Mun (2010)\textsuperscript{182} opined that for any business–to–customer (B2C) type of environment, satisfying a customer is the ultimate goal and objective. They focused on the measurement of customer satisfaction through delivery of service quality in the banking sector in Malaysia. Findings of the study revealed that the SERVQUAL factors Assurance, tangibles, empathy, and responsiveness have a positive relationship on customer satisfaction and Reliability has a negative relationship but both had no significant effect on customer satisfaction. The study highlights implications for marketers in banking industry for improvement in delivery of service quality.

Mishra et al (2010)\textsuperscript{183} opined that human element plays an important role in perceived service quality as well as satisfaction in the services especially the banking industry. The results of analysis indicated that the respondents of both the banks mostly focused on people (staffs of the banks) factor for improving customer satisfaction; while the banks were focusing on tangibles.

Ananth et al. (2011)\textsuperscript{184} evaluated the customer perceptions of service quality in selected private sector banks. The results showed that the dimension of service quality such as empathy and accessibility has more gap, as the customer expectations are high to their perceived service. The result also indicates that Empathy-Reliability-Assurance positively influences the service quality. The study implies that bank should reduce the service gap to deliver superior quality of service to retain existing customers as well as to attract new customers.

Safiek Mokhlis (2012)\textsuperscript{185} examined the role of gender in predicting service quality perceptions and to find the relationship between quality perceptions and satisfaction. Findings of this study revealed that gender affects service quality perceptions and the relative importance attached to dimensions of service quality. The study also revealed that that tangibles, reliability and responsiveness were critical service quality dimensions for determining satisfaction of both male and female customers.

SUMMARY OF THE CHAPTER

The literature review has provided useful insights pertaining to the importance of internal marketing and service quality in obtaining employee satisfaction and customer satisfaction in service organizations especially banks and financial institutions in today’s business environment. Previous studies have focused on the relationship between the internal marketing and job satisfaction, organizational commitment and organizational performance in service organizations. Many of the studies have also highlighted the relation between internal marketing and job satisfaction, and between the service quality and customer satisfaction.

The factors of internal marketing like pay, colleague support, superior support, working conditions, job security, promotional aspects, nature of work, employee selection, employee training and development, work design, job definition employee rewards and compensation, fairness, recognition, flexibility, feedback, quality of service, employee development, vision of the organization, strategic reward, internal communication and senior leadership have been concentrated upon by different authors over the years. Available literature has also pointed to the fact that internal marketing factors have a positive influence on the employee satisfaction of an organization and that the demographic factors like age and gender influence the employees satisfaction. It is clear that the satisfaction of internal customers plays a very important role in the overall success of the organization. It has been seen from the literature that when internal customers are satisfied, they will be more committed to delivering quality service to the external customers.

Based on the literature the present study identified ten factors of internal marketing viz. work content, training and skill development, working conditions, promotion opportunities, support from superior, support from colleagues, recognition, benefits, feedback, and customer orientation.
The literature pertaining to the service quality has revealed that many of the researchers have extensively used the SERVQUAL model of Parasuraman et al (1988). The factors of service quality like tangibles, responsiveness, assurance, empathy, efficiency, competency, communication, courtesy, credibility, security, knowledge and technology were concentrated by many authors. The study has identified the factors like tangibles, employee responsiveness, reliability, efficiency, empathy, assurance, competency, knowledge and usage of ATMs.

These factors are studied in State Bank of India, a public sector bank, to identify their relation to customer satisfaction. The study is intended to identify customer satisfaction in State Bank of India, and investigates the major determinants of employee satisfaction and customer satisfaction in the banking sector.