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Customer satisfaction in Indian retail banking: A qualitative perspective

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Abstract
One of the important aspects for the long-run success of an organization is customer satisfaction. The construct might be studied from a general perspective or from the perspective of specific situational contexts like service failure and subsequent recovery in the delivery of services. Few researchers till date have studied post-service recovery customer satisfaction by studying the dimensions contributing to it. In this study the construct, post-service recovery customer satisfaction and the dimensions contributing to it have been explored from a qualitative perspective. Depth interviews and focus groups were conducted and they were analyzed based on Grounded Theory. The analysis included open coding of the data and writing memos for the open codes, concept generation from the phenomena, index card sorting to identify categories and sub-categories, axial coding to relate the categories and sub-categories, and selective coding to identify the core category. The concepts generated would determine the dimensions which might affect post-service recovery customer satisfaction.

Keywords: customer satisfaction; qualitative research; grounded theory; retail banking; India.

1. Introduction
Customer satisfaction is a major determinant of the long-term success of an organization (Peppers and Rogers, 2005) [23]. Banks have started recognizing the fact that customer satisfaction can be achieved through the delivery of quality services to customers. This will also help banks in the long-term survival in the competitive atmosphere (Wang *et al.*, 2003) [29].

1.1 Customer Satisfaction in Indian Retail Banking
The economic growth and development of India has been influenced and accelerated by the expansion of the banking system. The Indian banking industry has shown enormous growth during the past two to three decades. Retail banking is a service industry and delivers its services to the consumer. A satisfied customer is the best person to generate positive word of mouth for a retail bank.

The banking industry in India has undergone a number of major changes in the post-independence era. More recently, liberalization, the opening up of the economy in the 1990s and the government's decision to privatize banks resulted in the banking reforms. Like any other financial services, the banking industry, too, is facing a market that is changing rapidly. New technologies are being introduced and there is always a fear of economic uncertainties. Fierce competition, more demanding customers and the changing climate have presented an unparalleled set of challenges (Lovelock, 2001) [19]. This has led the Indian banking industry to experience difficult times. In such a competitive scenario, it is extremely important that banks are able to retain a loyal base of customers. To attain this and to improve their market and profit positions, banks in India have to formulate their strategies and policies towards increasing customer satisfaction levels.

Banking institutions all over the world have recognized the importance of customer satisfaction and of developing and maintaining enduring relationship with their customers as two crucial parameters leading to increased business performance. At the same time, several banking institutions are experiencing increasing levels of retail customer dissatisfaction. Research suggests that customer dissatisfaction is still the major reason for bank customers' switch to other banks (Manrai and Manrai, 2007) [20]. This dissatisfaction could be because of a variety of reasons (access, services, products, prices, image, personnel skills, treatment

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credibility, responsiveness, waiting time, location and technology).

1.2 Concept of Customer Satisfaction

Customer satisfaction is one of the important aspects for conducting business (Fournier and Mick, 1999) [9]. It deals with the pre-purchase notions or expectations of the customers and the feelings and attitudes of the customers after the use of a product or service. (Churchill and Surprenant, 1982) [5].

Various researchers have studied the concept of customer satisfaction in details. Various researchers have defined customer satisfaction in different ways.

Customer satisfaction is a person's feeling of pleasure or disappointment that result from comparing a product's perceived performance (or outcome) to their expectations. (Oliver, 1980)

Satisfaction is the consumer's response to and evaluation of the perceived discrepancy between prior expectations (or some other norm of performance) and the actual performance of the product as perceived after its consumption. (Tse and Wilton, 1988) [28].

1.3 Post-service Recovery Customer Satisfaction

Customer satisfaction might not be uniform and it might vary with different situational contexts. One such context is service delivery. Service delivery is critical to any organization providing services and the efficiency in service delivery will determine the success of the organization (Casado *et al*., 2011) [3].

Banking is a service-oriented industry and service delivery is expected to play a major role in its success. Service delivery will constitute two major dimensions – service failure and service recovery (Jayasimha and Murugaiah, 2008) [14].

Service delivery consists of all the processes employed by a service firm in meeting the requirements of the customers. (Zhu *et al*., 2004)

Service failure and service recovery have been defined in various ways by different researchers. Some of the definitions are as below:

Service failure may be defined as an "exchange in which customer encounters a loss due to the failure." (Homas, 1961) [12]

Service failure consists of outcome failure and process failure. In outcome failure, the service firm fails to perform the core service. In process failure, the service firm fails in the way the core service is delivered. (Zhu *et al*., 2004)

Service recovery includes all actions initiated by the service provider to mitigate the shortfall arising out of provider's failure to deliver the service as designed. (Johnston and Hewa, 1997) [15] Service recovery is a process that identifies service failures, effectively resolves customer problems, classifies their root causes and yields data that can be integrated with other measures of performance to assess and improve the service system. (Tax *et al*., 1998) [27]

Customer satisfaction in general will capture the broad dimensions related to service delivery. But it might fail to capture service failure and post-failure service recovery because service failure and post-failure service recovery can only be studied in the specific situation when a service failure has actually occurred (Boshoff, 2005) [2]. This necessitates the study of post-service recovery customer satisfaction.

1.4 Importance of Post-service Recovery Customer Satisfaction

An organization would not be able to survive if it delivers poor service to its customers for a sufficient long duration. It has been shown by various researchers (Stauss and Scholer, 2004; Kumar, 1999) [26, 17] that the chances of customer retention are higher if customers are satisfied with the service recovery. Post-service recovery customer satisfaction gives an indication towards the effectiveness of the service recovery. On the contrary, if the customers are not satisfied with the service recovery, there might be decline in customer confidence, negative word-of-mouth, direct cost of re-performing the service, and finally customer attrition (Berry and Parasuraman, 1991) [1]. The above arguments give an indication towards the importance of the measurement of post-service recovery customer satisfaction. The measurement of post-recovery customer satisfaction cannot be done unless the dimensions or factors affecting post-service recovery customer satisfaction is studied. This necessitates a thorough investigation about the factors affecting post-service recovery customer satisfaction.

1.5 Literature Review

The existing literature shows a limited number of studies where the factors affecting post-service recovery customer satisfaction in retail banking have been investigated.

Komunda and Osarenkhoe (2012) [16] investigated the factors affecting post-recovery customer satisfaction in the retail banking sector of Uganda. A conceptual framework encompassing the concepts of service recovery, communication, customer satisfaction and customer loyalty in the commercial bank setting was developed. A questionnaire based on pre-determined issues were designed to focus on issues related to efforts made to investigate causes of service failure and to develop recovery strategies that met customer expectations. Factors affecting post-recovery customer satisfaction were found based on the responses to the questionnaire. The factors were communication from the bank with the customers, levels of redress, courtesy of the employees shown towards the complaining customers, and responsiveness of the employees towards the complaining customers.

Retail banking sector of Spain was studied by Diaz *et al*. (2007) [7] to investigate the factors which might be affecting post-service recovery customer satisfaction. This study focused on the justice received by the complaining customer and did not consider the other dimensions which might affect post-recovery satisfaction for a retail banking customer. The three constructs – anger, justice, distributive justice and satisfaction were investigated using the critical incident method. The investigation was based on an existing model. The model was only validated to find the factors. This study focused only on the dimension of justice which might affect post-service recovery customer satisfaction and ignored the other aspects. The factor which emerged from the study was the receipt of proper justice by the complaining customer.

Factors affecting customer satisfaction with service recovery in the retail banking sector of the United States of America was conducted by Duffy *et al*. (2006) [8]. Responses from retail banking customers were collected based on a structured questionnaire. The factors determined based on the responses were type of recovery strategy adopted by the banks in solving the service failure, emphatic listening by the bank employees, fixing the problem as early as possible, and atonement or apology from the employees.

The factors affecting post-service recovery customer satisfaction among the retail banking customers of South Africa based on RECOVSAT, a general post-service recovery customer satisfaction scale which is also used to measure post-service recovery customer satisfaction in a number of service industries and is not specific to the retail banking industry, was studied by Boshoff (2005) [2]. The factors which emerged were communication with the employees, empowerment of the employees to solve the problem, feedback from the service firm about the recovery progress, atonement or apology from the service firm, explanation about the service failure, and tangibles with respect to the employees. There might be other factors affecting service recovery, which might be specific to retail banking and have not been considered.

Studies for determining factors affecting post-service recovery customer satisfaction was also conducted by Huang and Lin (2011) and Lewis and Spyrakopoulos (2001) [13, 18].

Most of the studies have applied existing models to find the factors affecting post-service recovery customer satisfaction in retail banking. The existing models of customer satisfaction have either been reviewed or validated to determine the factors affecting post-service recovery customer satisfaction. In some other cases, research has been done based on primary data collected through a structured questionnaire. In some cases, convenience sampling was used to receive responses from the banking customers.

The generation of factors for a construct like customer satisfaction requires to be based on exploratory research and qualitative analysis (Churchill, 1979) [4]. The techniques that need to be applied include literature reviews, and insight-stimulating examples (Selltiz *et al.*, 1976) [25]. The existing literature needs to indicate how the variable has been defined previously and how many dimensions or components have been conceptualized. The factors would be generated from the analysis of critical incidents and focus groups. This indicates that item generation only through literature review or responses through a structured questionnaire would not suffice. None of the previous studies have followed the approach of qualitative analysis in determining the factors leading to customer satisfaction in retail banking. The phenomenon of post-service recovery customer satisfaction in retail banking, and the factors for post-service recovery customer satisfaction in Indian retail banking in particular, have not yet been studied with the application of qualitative analysis. This indicates a research gap in the existing literature. This leads us to the objective of the study:

Exploration and determination of the dimensions affecting post-service recovery customer satisfaction in Indian retail banking with the help of qualitative tools.

3. Methodology
The methodology included two primary steps:
1. Specifying the domain of the construct of post-service recovery customer satisfaction.
2. Exploration of the dimensions contributing to post-service recovery customer satisfaction in Indian retail banking.

1. Specifying the domain of the construct of Post-service Recovery Customer Satisfaction

Clear specification of the domain of the construct, post-service recovery customer satisfaction is required. The definition of post-service recovery customer satisfaction would indicate those aspects that need to be included and also those aspects that need to be excluded while determining the factors. The domain of the construct follows directly from the definitions of customer satisfaction, service delivery, service failure, and service recovery already mentioned above.

Customer satisfaction by their definition (Tse and Wilton, 1988; Oliver, 1980) seems to be attitude shown by the customers. Further, in order to measure customer satisfaction, it is necessary to measure the expectations of the customers before the purchase of a product and reactions of those customers after the actual use of the product. If the post-purchase evaluation exceeds the pre-purchase expectations, the customer is satisfied. If the post-purchase evaluation falls short of the pre-purchase expectations, the customer is dissatisfied. In the case of post-service recovery customer satisfaction, once the service failure has occurred, the customer will be having some expectations regarding the service recovery, which might include prompt service recovery and service recovery within the promised deadline. If the service recovery provided by the bank exceeds the expectations which the customer had post-service failure, the customer would be satisfied. Otherwise, the customer would be dissatisfied. So, the customer expectations, post-service failure and post-service recovery need to be considered while evaluating post-service recovery customer satisfaction. It is also necessary to consult the existing literature to conceptualize the construct of post-service recovery customer satisfaction and specifying its domain.

2. Exploration of the dimensions contributing to the Post-service Recovery Customer Satisfaction

After the domain of the construct, post-service recovery customer satisfaction has been specified, it is necessary to explore the factors which capture the specified domain. In this situation, exploratory research becomes helpful. Generation of factors for post-service recovery customer satisfaction can be done through the qualitative analysis of depth interviews, focus groups, and critical incident methods for those retail banking customers who have experienced one or more service failures with banks. One of the qualitative tools which is helpful for this type of analysis is Grounded Theory.

3.1 Grounded Theory
The idea of Grounded Theory (GT) was developed by Glaser and Strauss (1967) [10] out of an urgent need in the field of social research to discover theories as opposed to merely testing the existing theories.

In the particular case of post-service recovery customer satisfaction, GT has been considered as the most suitable approach because it is more suitable for researching problems that do not allow for pre-conceptualized theory (Glaser, 1995) [11]. GT is also a suitable approach to understanding and generating dimensions for different constructs (Parry, 2003) [22].

The use of the GT approach in this study allows for the development of a conceptual understanding of the factors affecting satisfaction for the retail banking customers of India. The investigation examines the respondent's experiences in an attempt to understand the factors affecting customer satisfaction for Indian retail banking customers. The idea of emergence is one of the strengths of qualitative

research and GT (Puddephatt, 2006) [24]. GT goes beyond speculations and presumptions to the actual processes and the respondent's reality (Glaser, 1995) [11].

Grounded Theory is an inductive process and is guided by specific guidelines as outlined by Corbin and Strauss (1990) [6]:

1. Data collection and analysis are interrelated and concurrent processes. Collecting data first, as in other methods of research, violates the core foundation of GT.
2. Concepts are the basic units of analysis. Conceptualization of data rather than description is the central emphasis of GT.
3. Categories must be developed and related. Concepts are grouped together to form categories, and must be of theoretical significance to contribute to the development of categories.
4. Sampling in GT proceeds on theoretical grounds. Sampling is guided by ideas generated from the phenomena under study.
5. Analysis makes use of constant comparisons. The comparison of incidents results in the development of concepts. Comparisons are drawn throughout the research process and as concepts are grouped into categories. The process provides verification as the researcher compares concepts and categories with new data.
6. Patterns and variations in data are accounted for.

The researcher, implemented the specific guidelines as outlined by Corbin and Strauss (1990) in the following way:

1. The researcher conducted and analyzed each interview simultaneously. This revealed the dimensional gaps in the data which acted as a foundation for conducting and analyzing further interviews.
2. At each and every step of analysis as explained later, the researcher generated concepts based on the analysis of interviews.
3. The researcher identified the categories through index card sorting. He established the linkages among the concepts and the categories and sub-categories through axial coding.
4. The sample of respondents was not random. The researcher selected those respondents who could provide more insights into the concepts already generated.
5. The researcher verified the concepts generated from the analysis of an interview of a particular respondent from the analysis of an interview of another respondent. This process continued till saturation along the dimensional ranges reached.
6. The researcher established patterns and variations in the data through the formation of categories and sub-categories. Similar and related concepts formed a specific sub-category, while similar and related sub-categories formed a specific category.

Application of GT principles and procedures consists of the use of theoretical memos, open coding, axial coding and finally, selective coding. Theoretical memos are written throughout the process of data analysis in case of GT.

The interviews and the focus groups lasted as long as new concepts were generated. The researcher transcribed the interviews and focus groups. Once there was saturation in the generation of concepts, the researcher stopped the interviews and focus groups. Usually, each of the interviews or focus groups lasted approximately 15 to 20 minutes. Before each

interview and focus group, the researcher explained the construct and the context to the respondents. The researcher recorded the interviews and the focus groups with the help of recording devices. Later, the researcher transcribed them.

Grounded Theory emphasizes the idea of emergence of concepts based on the responses of the respondents. So, a standard structure of a questionnaire which is usually followed for collecting data on other types of research is not followed in Grounded Theory. In the present context, the questions asked depended on the responses given by the respondents. Nevertheless, some of the sample questions asked to the respondents are mentioned below:

a. Can you describe an incident when you were highly satisfied with the services of any bank?
b. Why did you feel satisfied with the services provided by the bank?
c. Can you describe an incident when you were highly dissatisfied with the services of any bank?
d. Why did you feel dissatisfied with the services provided by the bank?
e. How do you think the bank should have handled the situation?
f. Do you still visit the bank after the incident? How did the bank behave after the incident?

The methodology used included the following steps:

1. Conducting interviews and focus groups
2. Preparing open codes and memos to explain the phenomena identified.
3. Generation of concepts
4. Index card sorting to segregate the concepts into categories and sub-categories
5. Axial coding to establish linkages between a specific category and its sub-categories and among various categories
6. Selective coding to identify the core or central category.

Step 1
Depth interviews (24 in number) and focus groups (six in number) were conducted to understand the concept of post-service recovery customer satisfaction in Indian retail banking. Grounded Theory emphasizes the idea of emergence of concepts based on the responses given by the respondents. So, the standard structure of questionnaire which is followed for collecting data in other types of research was not followed. The questions were asked depending on the responses which were given by the respondents. Also, the analysis and collection of data done through interviews and focus groups were conducted simultaneously.

Step 2
For each and every interview and focus group, the phenomena was identified and open codes were generated. Memos were written to explain the open codes.

Step 3
From each and every interview and focus group, certain concepts emerged which were analyzed before the next interview or focus group was conducted. This allowed for the understanding of the gaps in the dimensional ranges which needed to be filled in the subsequent interviews and focus groups, and also for the concepts which were still not developed. In the beginning, questions were asked based on the perception and the experience of the respondent. As the

interviews progressed, the responses provided by the past respondents acted as a guide for the questions to be asked to the future respondents. This process helped in reaching saturation along the dimensional ranges and helped in the generation of more concepts. The analysis of the interviews and focus groups were stopped once it was felt that saturation along the dimensional ranges were taking place and no new factors were getting generated from the analysis of fresh interviews and focus groups.

Step 4
Index card sorting was applied in the formation of categories and sub-categories from the concepts which had already been developed.

Index card sorting is a method to determine the mental grouping of the concepts into categories and sub-categories by the users. It is useful when the concepts have already been developed. Card sorting can be done with anyone, but ideally it is done with potential or actual users, as they possess better knowledge about the concepts and a clearer idea of how the concepts might be related and what is the top-level, second-level etc. In this method six to seven users are requested to sort the concepts independently into different categories and sub-categories. After the sorting is done, patterns are found in the sorting. Six to seven users are used because more users would provide more data, but once the number of users is more there are diminishing returns.

Card sorting can be of two types – exploratory card sort and confirmatory card sort.

Exploratory card sort is also called an open card sort. It takes a bottom-up approach. It determines the way in which the different concepts group together. Its use is best when there is no previous knowledge about the categories and sub-categories and concepts need to be segregated into different categories and sub-categories.

Confirmatory card sort is also called a closed card sort. It takes a top-down approach. It is applicable when the categories and sub-categories have already been determined and the concepts need to be fitted into those pre-determined categories and sub-categories.

In this case, exploratory card sort was followed separately for each and every interview and focus group conducted as the categories and the sub-categories were not known before and they needed to be identified based on the segregation of the concepts by the users performing the card sorting process. Six users were asked in this case to sort the concepts independently into different categories and sub-categories. The process continued till there was convergence in the card sorting of different users.

Exploratory card sorting maintained the following process:
1. Creation of primary groups from the concepts generated from each interview or focus group.
2. Labeling of the primary groups
3. Creation of secondary groups
4. Labeling of the secondary groups
5. Creation of final categories and sub-categories

Banking experts were also consulted to verify the card sorting done by the users. Opinions were taken from them after the preliminary card sorting was done by the users. The banking experts were asked to agree or disagree with the card sorting done by the users. They were asked whether the various sub-categories under each category and the various properties identified for the different categories and sub-categories actually identified the specified categories and

sub-categories. Inputs were also taken from them to verify the appropriateness and the redundancies of the categories and sub-categories with respect to the various functions of Indian retail banking.

Step 5
Axial coding was done to relate the different categories and sub-categories which were generated based on exploratory card sorting.

The process of axial coding as proposed by Corbin and Strauss (1990) involved the following steps:
1. Laying out the properties of a category and their dimensions, a task that begins during axial coding.
2. Identifying the variety of conditions, actions/interactions, and consequences associated with a phenomenon.
3. Relating a category to its sub-categories through statements denoting how they are related to each other.
4. Looking for cues in the data that denote how major categories might relate to each other.

Step 6
Selective coding was done on the data to find the central category. Selective coding is the process of integrating and refining the theory. The central category (sometimes called the core category) represents the main theme of the research.

The criteria followed for choosing the central category as proposed by Corbin and Strauss (1990) was as follows:
1. The category must be central; that is, all other major categories can be related to it.
2. It must appear frequently in the data. This means that within all or almost all cases, there are indicators pointing to that concept.
3. The explanation that evolves by relating the categories is logical and consistent. There is no forcing of data.
4. The name or phrase used to describe the central category should be sufficiently abstract that it can be used to do research in other substantive areas, leading to the development of a more general theory.

3.2 Data Analysis
Below are excerpts from the transcripts of the interviews conducted to understand customer satisfaction in the Indian retail banking scenario. Primary labeling was done on the data and from them the phenomenon had been understood.

Authentic reasons should have been shown by the bank for not providing the service. There was a solution to the service failure. I had to argue with the service provider for a long time to explain the urgency of the situation. I also could not understand how the service could be stopped without any intimation and without my approval.

Primary labeling was done based on the objects which the researcher identified as being significant in the data. The labeled portions were highlighted.

Authentic reasons *should have been shown by the bank **for not providing the service**.*
*There was a solution to the service failure. I had to argue with the service provider for a long time to explain the urgency of the situation. I also could not understand how the service could be **stopped without any intimation** and **without my approval**.*

Here, the respondent talked about a service failure where authentic reasons for not providing a specific service were not shown by the bank. In another case the respondent talked about a service being stopped without his approval. In essence the respondent talked about the characteristics of service failure, which was faced by him and which might cause customer dissatisfaction. Service failure is an integral part of service recovery. The expectations of the customer during service failure need to be fulfilled in service recovery. Open coding was done on the data to identify the concepts. The codes which were generated from the above labeling were *satisfactory explanation for not providing a service* and *prior intimation to the customer about inability to provide a service.*

Memos: *Satisfactory explanation for not providing a service* was coded because the inability of the bank to provide a satisfactory explanation for not providing a service would affect the expectation level of the customer and the cause of the denial would not be known to him. This might affect the post-service recovery customer satisfaction. The customer might take alternative actions if he knew that a specific service would not be provided to him. This would help him to plan better. But if prior intimation about the inability to provide a specific service is not given to the customer then he would get frustrated when he actually does not get the service. This might affect the post-service recovery customer satisfaction. So, *prior intimation to the customer about inability to provide a service* was coded.

The concepts which were generated from the open coding above were *satisfactory explanation by bank for the denial of a service desired by customer* and *prior intimation to the customer about the inability of bank to provide a specific service.*

The concepts generated from the above open codes pertained to a single category and on further analysis through index card sorting, the category was named as **Service Failure**.

Transcript for another interview is shown below:

Ideal service recovery would include prompt action from the bank, the willingness of the bank to solve the problem. Even if the problem cannot be solved, they should explain the reasons. If possible, the bank should inform the customer about the reasons for the failure. If there is any delay in solving the problem, the bank should explain the reasons for the delay to the customers. The bank should instill trust in the minds of the customers.

Primary labeling was done based on the objects which the researcher identified as being significant in the data. The labeled portions were highlighted.

*Ideal service recovery would include **prompt action** from the bank, and **willingness of the bank to solve the problem**. Even if the problem cannot be solved, they should **explain the reasons**. If possible, the bank should **inform** the customer about the **reasons for the failure**. If there is any delay in solving the problem, the bank should **explain the reasons for the delay** to the customers. The bank should **instill trust in the minds of the customers**.*

In the above transcript the respondent talked about his idea about an ideal service recovery. In essence, he talked about those characteristics of service recovery, which he felt would lead to post-service recovery customer satisfaction. Open coding was done on the data to identify the concepts generated. The open codes generated were *prompt action taken by the bank, willingness of bank to solve a problem,* *explanation of reasons for non-recovery, explanation of reasons for delay*, and *trustworthiness of the services provided.*

Memos: *Prompt action taken by the bank* was coded because it is expected that every complaining customer would wish that the service failure gets fixed as early as possible and for that to happen prompt action of the bank is required. The failure cannot be solved unless the bank is willing to solve the problem. So, *willingness of bank to solve a problem* was coded. The customer would expect a proper explanation in case the bank is unable to provide the service recovery. So, *explanation of reasons for non-recovery* was coded. Similarly, the customer would expect an explanation in case of delay in service recovery. For this reason, *explanation of reasons for delay* was coded. Also, the customer would expect that the services provided are trustworthy. So, *trustworthiness of the services provided* was coded. All the above are expected to increase the level of post-service recovery customer satisfaction.

The concepts generated were *prompt action by bank, willingness of bank to solve a problem, explanation of reasons for non-recovery, explanation of reasons for delay,* and *trustworthiness of the services provided.*

The concepts generated from the above open codes pertained to a single category and on further analysis through index card sorting, the category was named as **Service Recovery**.

Transcripts for some other interviews are provided below:

The behavior of the employees was below acceptance level. They did not try to understand my situation and also my problem. They did not understand the urgency of the situation. The employees should have been much more empathetic.

Primary labeling was done based on the objects which the researcher identified as being significant in the data. The labeled portions were highlighted.

*The **behavior of the employees** was below acceptance level. They **did not try to understand my situation** and also **my problem**. They **did not understand the urgency of the situation**. The **employees** should have been **much more empathetic**.*

In the above transcript the respondent talked about the employees with respect to a situation where a service failure has occurred. A complaining customer would have several expectations from the employees of a bank in case of a service failure. If those expectations are fulfilled, the customer would be satisfied. Otherwise, the customer might be dissatisfied and may be even frustrated with the employees of the bank. Open coding was done on the data to identify the concepts. The open codes which were generated from the above labeling were *behavior shown by the employees, understanding nature of the employees, prompt response and attention to the complaining customer, understanding of the urgent situation* and *empathetic nature of the employees.*

Memos: When a customer is interacting with any employee of a bank, the minimum expectation of the customer would be that the employee would behave properly with him or her. So, *behavior shown by the employees* would be a major determining factor for the satisfaction of a complaining customer. When a customer is complaining, he or she would expect that the employees would at least try to understand

the problem faced by the customer. Otherwise, the customer would feel that the employee is insensitive to his problems. So, *understanding nature of the employees* was coded. Any complaining customer would also expect that the employee with whom he is interacting would understand the critical situation faced by him and give a prompt response and attention to his problems. So, *understanding of the urgent situation* was coded. Also, the *empathetic nature of the employees* is extremely important because any complaining customer would expect that the employee try to understand the situation from the customer's perspective.

The concepts which were generated from the open coding above were *employee behavior towards customers, understanding nature of the employees, empathetic nature of the employees, proper understanding of the urgent situation.*

The concepts generated from the above open codes pertained to a single category and on further analysis through index card sorting, the category was named as **Employees**.

Transcript of another interview is shown below:
Ideal service recovery would be when the bank understands the problems of the customer quickly, takes prompt action and solves the problem quickly. The bank also provides some sort of compensation to the complaining customer.

Primary labeling is done based on the objects which the researcher identifies as being significant in the data. The labeled portion has been highlighted.

*Ideal service recovery would be when the bank understands the problems of the customer quickly, takes prompt action and solves the problem quickly. The bank also provides **some sort of compensation to the complaining customer**.*

In the above transcript, the respondent talks about the compensation which a complaining customer deserves for the loss due to the service failure which occurred. Receipt of compensation by the complaining customer might cause customer satisfaction. Open coding has been done on the data to identify the concept. The open code which gets generated is *compensation received by the complaining customer.*

Memos: Any complaining customer would expect that the bank would compensate for any loss incurred by the complaining customer due to the service failure. If the customer receives the compensation, this might lead to satisfaction for the complaining customer. So, *compensation received by the complaining customer* has been coded.

The concept which is generated from the open coding above is *compensation for the loss incurred.*

The concepts generated from the above open codes pertain to a single category and for further analysis through index card sorting method, the category was named as **Justice**.

Transcripts for some more interviews are shown below:

I contacted the regional Head Office of the concerned bank. I was given an appointment with the concerned person. The ambience of the bank was satisfactory.

Primary labeling is done based on the objects which the researcher identifies as being significant in the data. The labeled portion has been highlighted.

*I contacted the regional Head Office of the concerned bank. I was given an appointment with the concerned person. The **ambience of the bank** was satisfactory.*

In the above transcript the respondent talks about the physical environment in the bank, which might add a professional outlook to the atmosphere of the bank and which might result in customer satisfaction. Open coding has been done on the data to identify the concept. The open code which is generated is *ambience in the bank premises.*

Memo: The physical ambience in the bank might give a professional look to the working environment. This might result in customer satisfaction. So, *ambience in the bank premises* has been coded.

The concept which is generated from the above open coding is *ambience in the bank premises.*

The concepts generated from the above open codes pertain to a single category and on further analysis through index card sorting method, the category was named as **Tangibles**.

In the above manner, concepts were created based on open coding and creation of memos for all the interviews and the focus groups which were conducted. Concepts were also gathered from the existing literature. This resulted in around 200 concepts. The next step was the segregation of the concepts into various categories and sub-categories. The formulation of categories and sub-categories gave distinct identity to the concepts.

Exploratory card sorting was applied to each interview and focus group for the formation of categories and sub-categories from the concepts generated.

The major categories and sub-categories which emerged from the exploratory card sorting are shown below:
The major categories generated were:

Service Failure
Service Recovery
Employees
Justice
Tangibles

Sub-categories were generated under each category as below:
(The items in bold indicate the categories)

Service Failure

Service Recovery
Service Recovery Efforts
Service Recovery Capabilities
Communications
Service Quality
Customer Care

Employees

Justice

Tangibles

3.3 Axial Coding
Axial coding for the different categories and sub-categories are shown below:
The major categories which emerged were Service Failure, Service Recovery, Employees, Justice, and Tangibles. Service failure had the specific properties, namely, satisfactory explanation by the bank for the denial of a service desired by the customer, prior intimation to the customer about the inability of banks to provide a specific service, explanation to the customer about the reasons for service failures, and proper understanding by the bank about

the service failure. These properties were the characteristics of the category, service failure.

Service Recovery had the sub-categories of service recovery efforts, service recovery capabilities, communications, service quality, and customer care. Service recovery efforts had specific properties, namely, the effort made by bank to recover, understanding of the customer requirements, prompt action taken by the bank for recovery and various other properties. These properties were the characteristics of the sub-category, service recovery efforts. Service recovery capabilities had specific properties, namely, regular updates to the customer, delivery of the recovery within the deadline promised, ability of banks to provide service recovery, and various other properties. Communications had specific properties namely, apology by bank for the inconvenience caused, clear communication to the customers, assurance given to the complaining customer, acknowledgement of the service failure, and various other properties. Service quality had specific properties namely, quick service recovery, effective service recovery, smooth service recovery, efficient service recovery, and various other properties. Customer care had specific properties namely, customer importance, maintenance of customer relationship by bank and various other properties. The customer would have actions/interactions with the various aspects of service recovery through the above-mentioned properties. Each of the properties would have its own dimensional range. For example, the dimensional range of easy access to service recovery might vary from very easy to extremely difficult. The various properties of the sub-category, service recovery might themselves intersect along their dimensional ranges. For example, dimensional ranges of easy access to service recovery and service recovery within the promised deadline might intersect with each other. If the access to service recovery was easier, then the chances of getting the service recovery within the promised deadline were higher. The consequences might be higher post-recovery customer satisfaction for the respondent.

The category, Employees was having the properties, seriousness of the employees towards the customers, ability of employees in handling crisis situations, prompt response and attention given by employees, and various other properties. Each of the properties would have their own dimensional ranges. Better the ability of the employees in handling crisis situations better might be the perception of service recovery. So, here, the two categories, employees and service recovery intersected each other dimensionally. Actions or interactions of the customer with the bank took place through the employees. The consequences of those actions or interactions would determine the post-service recovery customer satisfaction.

Another category identified was Justice received by the complaining customer. It was having the properties, the availability of a grievance-handling mechanism, compensation received by the complaining customer, fair treatment received by the customer, and some other properties. Better the treatment received, higher was the perception of justice and higher might be post-service recovery customer satisfaction for the respondent. The treatment was received by the customer in the process of service recovery. So, the two categories, recovery and justice would intersect each other dimensionally. Also, post-service recovery customer satisfaction for the respondent might be considered as a consequence.

Another category identified was Tangibles. It was having the properties, ambience in the bank premises, professional environment inside bank premises, and some other properties. Better the ambience inside the bank premises, better might be the perception about the professional atmosphere in the bank and higher might be post-service recovery customer satisfaction for the respondent. Professional atmosphere and ambience in the bank premises would directly affect service recovery. So, the two categories, service recovery and tangibles would intersect each other dimensionally. Also, post-service recovery customer satisfaction for the respondent might be considered as a consequence.

3.4 Selective Coding

It was noticed from the analysis of the categories and sub-categories based on axial coding, the category Service Recovery linked with all the other categories along the dimensional ranges. Also, it was found from the interviews and focus groups that service recovery was central to the post-service recovery satisfaction of the Indian retail banking customers. So the category, Service Recovery was selected as the central category.

Based on the above process, concepts were developed from the transcripts of the interviews and focus groups. The concepts generated represent the factors affecting post-service recovery customer satisfaction in Indian retail banking.

4. Discussion

The situational context of service failure and the manner in which the bank handles it will determine the post-service recovery customer satisfaction. This will in turn determine the retention of satisfied customers. Indian retail banks would be able to face the competition better if the requirements and the expectations of the customers in the critical context of a service failure are known. This necessitates the understanding of the factors contributing to post-service recovery customer satisfaction. In this paper an attempt has been made to understand the construct of post-service recovery customer satisfaction in the Indian retail banking and to explore the factors which might affect post-service recovery customer satisfaction. The qualitative approach adopted based on Grounded Theory has enabled to understand the concept of post-service recovery customer satisfaction starting from the basic principles. From the concepts identified, Indian retail banks would be able to understand the dimensions which might affect post-service recovery customer satisfaction. Knowledge of the dimensions would enable the banks to offer their services in a way which leads to satisfaction of their customers in the occurrence of a service failure.

5. Limitations

The depth interviews and the focus groups conducted tried to capture scenarios where a service failure had occurred. In some of those cases, there was a solution to the service failure, in some other cases there was no solution. In those cases customer expectations about service recovery (which never happened) were noted. In some other cases where there was a solution, satisfaction of the respondents with respect to service recovery was noted. However, it cannot be claimed with certainty that all scenarios of service failure and service recovery could be captured. Many more concepts about the construct might have been received if more scenarios were considered.

Insights into a specific construct demands that responses from a diverse set of respondents be collected and analyzed. Expectations of different segments of customers about post-service recovery would vary depending on their requirements. Based on these differences in the expectations more insights would be generated. Care was taken by the researchers while conducting the interviews and focus groups so that the respondents included a wide range of segments of Indian retail banking customers. But it cannot be emphasized with certainty that all the different segments of retail banking customers could be considered.

6. Conclusion

In the author's view, no previous study has attempted to understand the construct of post-service recovery customer satisfaction and the factors affecting post-service recovery customer satisfaction in Indian retail banking through a qualitative approach. It is expected that the study would help to understand post-service recovery customer satisfaction in the Indian retail banking better. A similar approach might be undertaken in the future to understand the various dimensions of customer satisfaction related to retail banking. Some of them might include the grievances of a complaining customer and dissatisfaction of the customers with a specific service provided by banks. In extreme cases where a service failure has occurred, the customer might be frustrated with the services provided by the bank and look for better opportunities elsewhere. He or she might move to a better service provider. The customer switching behavior in such cases might be studied based on this approach.

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