

IMPACT OF HRD PRACTICES IN CREATING EMPLOYEE SATISFACTION AND IMPROVING CUSTOMER SERVICE IN BANKS

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Abstracts

In the new millennium, financial resources, technology and human resources are the three driving forces for the business. Any organization which can marshal and master these three resources be the leader in the corporate sector. But out of the above three resources, **if the finance is easily available in the market, the technology is purchasable but the human resource is the core strength of the organization which cannot be replicated.** Banks being service industry primarily dependent upon the human factor. Employee in a service organization like Banks are the face of the organization as they come into contact with customers and represent both the Bank and its products and the customer satisfaction is an overall assessment of the service experience. A satisfied employee portrays a positive picture before the customer leading to positive customer experience and vice versa. The customers of a service organization can be categorized into two groups namely, internal customers (employees) and external customers and a satisfied employee (internal customer) make satisfied customers (external customer) and satisfied customers can in turn reinforce employees' sense of satisfaction in their jobs and feels them motivated. Employees are both the service and the brand of the Bank and works like a mirror of the Bank.

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After Nationalization of Banks in India, Banks have gone for massive expansion of branches resulting into indiscipline and apathy towards customer service. The working culture of these Banks was poor and the customers' services were just like hijacked. After liberalization of economy in India, under the pressure of competition, the Bank adopted several strategies including adoption of latest HRD practices and reformed their approach from bureaucratic to collaborative to prepare their employees to tune up with the changing requirement of competitive market. In the recent years, the perception of the public towards PSU Bank employee has improved. This research paper is an attempt to create a link between HRD practices and employee satisfaction and resultantly improving customer satisfaction level.

Key words: internal customers, external customer, customer satisfaction, service quality

Main contents

Banks being service industry primarily dependent upon the human factor. Employee in a service organization like Banks are the face of the organization as they come into contact with customers and represent both the Bank and its products. A satisfied employee portrays a positive picture before the customer leading to positive customer experience and vice versa. The customers of a service organization can be categorized into two groups namely, internal customers (employees) and external customers and a satisfied employee (internal customer) make satisfied customers (external customer) and satisfied customers can in turn reinforce employees' sense of satisfaction in their jobs and feels them motivated.

Like Hindu mythology, the human body is made five materials namely Khsitij (earth), Jal (water), Pawak (fire), Gagan (Sky), Sameera (air), an organization is made of three materials:

- 1) Man (Human Resources)
- 2) Money (Finance)
- 3) Machine (Technology)

“In the new millennium, financial resources, IT and above all the human element shall be the driving force for the business. Anybody who can marshal and master these three resources will be the leader in the corporate sector.” ⁽¹⁾ **If the finance (money) is easily available in the market, the technology (machine) is purchasable. But the human resource is the core strength of the organization which cannot be replicated.** The importance of people can be best understood by the following sentences of Robert Mc Clean and Henry Ford:

In the words of Robert McClean, “A company that lost all of its equipment but kept its staff; and hence maintained its skills and knowhow of the workforce, could be back in business relatively easily. A company on the other hand that kept its machinery would never recover.”

Mr. Henry ford, who said, “Take away my building, machinery, but leave my people with me, I will become Henry Ford again.”

Banks being service sector has typical characteristic in comparison to industries involved in other sectors which makes importance of the human element. The special character of service sectors are:

- **High-tech service with high-touch feeling:** The customer expectations are too high and too diverse which cannot be met without use of the appropriate technology. But whatever, the level of technology, process cannot be completed without human intervention. In banking, the customer needs to visit the branch premises for one or other reason and service cannot be provided unless employees serve the customer empathetically with their intelligence along with smile. Therefore, the technology needs to be integrated into the service process in a customer-oriented fashion keeping in mind the critical requirement of the customer as any mistake either on the part of the technology or on the part of human cannot be recovered fully.
- **One time business with continuously rendered services:** Unlike other service industry like hair cutting saloon, hotel industry where each transaction is discrete and leads to profit, most of the banking transactions like opening of an account, granting loan, sale of insurance policy etc. are one time transaction but it involves the liability on the bank for continuous flow of interactions. The implication of the continuous flow of transaction needs to maintain personal relationship

with customers and appreciate its values because banks can't afford to lose customers. It is the human factor which builds relationship with customers.

- **Intangibility:** Unlike goods where consumers can use their sensory organs to make a choice and evaluate their quality before committing to purchase, the services provided by the Bank cannot be seen, felt, tasted or touched through sensory organs. It is the most significant quality of service sector. The service quality evaluation of banking sector can be made only through perception build by the customer through interaction while purchasing the service and interaction thereafter.
- **Simultaneity:** This is a typical characteristic of service sector. While in manufacturing sector, goods are manufactured in factory and the customer need not to remain present in the factory to maintain quality of the product. In service sector, the customer not only receives the service but also participates in the service process as well as the production resource as well. Customers are more than mere consumers of service quality output; they are co-producers of the quality process⁽²⁾. Services are produced and consumed simultaneously on real time basis. Therefore, neither mass production is possible nor the quality of service can be measured before sale. The quality of service is actually dependent on the interactions between employee and customer and customer satisfaction is highly dependent upon the art of the employee in managing these interactions.
- **Perishability:** Since the services need to be produced and consumed simultaneously, there is no possibility of storing and inventorying them once produced. The implication of this characteristics is that:-
 - Demand for most services is volatile and normally cannot be predicted.
 - When demand is high there are no accumulations of stock and therefore, difficult to maintain demand supply gap.

But it is practically not possible for the banks to put more manpower when the load is high and reduce the manpower when load is low. Therefore, the same set of manpower has to make adjustment when the demand is high.

- **Heterogeneity:** Though the characteristic of product and technology is standard, the quality of service is based on the attribute generated by the employee and received by different customers. No two services can be alike, resultantly, in the eyes of the customers; the service of the organization becomes the service provided by the employee. The implication of this characteristics is that:
 - Ensuring consistent service quality is challenging.
 - The employee's behavior also cannot be consistent all the time.
 - The quality of service depends on many factors that cannot be controlled even by the supplier (employee) himself.
 - The employer/ manager may not always be able to ensure that service is being performed in a consistent manner with what was originally planned, and promoted.

Factors affecting service quality in Banks

Whenever, the customer visits the Bank's premises, he has certain expectation in respect of treatment to be received from the employees. Service quality is the degree of actual delivery of service in comparison to the customers' normative expectations of the service. It means that the service quality perceived by the customer may be different from the quality of service actually delivered by the Bank. The following factors that could affect the service quality are:

- Technical quality of the product (**What / Whether**),
 - What the customer receives?
 - When he receives it?
 - Whether the product/ service performance is consistent?
 - Whether the product keeps the promise which customer perceived through advertisement?
 - What is the ultimate result of the product?
 - What is the attitude of other customers consuming the service?
- Functional or process quality (**How**):
 - How the service provider functions?
 - How the customer receives the service?

- How buyer-seller interactions/ atmosphere is created/ maintained?
 - How he experiences the simultaneous production and consumption of the service?
 - How ably the promised performances are kept?
 - How willing the employee to assist the customer and provide prompt service?
 - How ably employees are able to put him/her self in the customer's shoes by seeing things through the customer's eyes?
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- The physical environment (**Where**):
 - The place where the service are received.
 - The appearance of physical facilities where the services are received.
 - The tools or equipment which are used to provide the service.

Service quality is a quite complex issue due to complex nature of services. Customers perceive service quality as the customer's own perception of the service based on different factors contributing to the service, from the process to the final outcome. While in case of goods, the outcome or end result of the process is transferred to the customer whereas in sale of service in Banks, the process is transferred. In the above factors, most of the 'what/whether/ where' factors like technical specification, physical environment are mainly constant and out of the hands of employees but the 'how' factor (functional process) is under the control of employees and depend upon various factors such as:

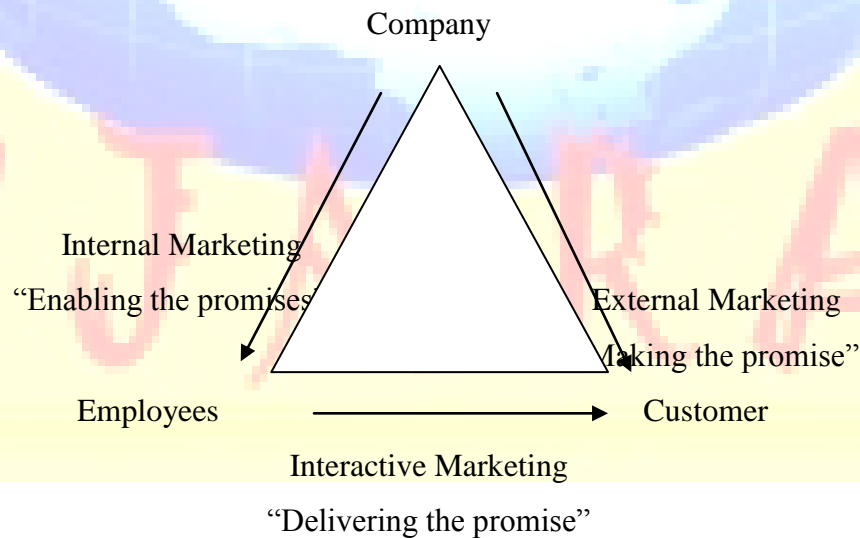
- What employee says?
- What is the body language?
- What is the Knowledge, skills and attitudes level shown by employees towards the job?
- What is his moral values and motivational level at the time of providing service?
- How he does the job?
- How he reacts during interaction with customers?

The role of the internal customers (employees) in Banks:

Employees are the mirror of Bank as what they portray is what the customers sees and uses in their evaluation of the service experience. Employees are both the service and the brand of the

Bank and their importance to the Bank is critical because they are in position to convert intangible (service) into tangible (product) whose impressions are imbibed in the customer's mind and customer feels that he has purchased a product and brought to home though practically, he doesn't carry any tangible.

Employee, apart from being active player in service delivery and influencing the buyers perceptions from the Bank's point of view, they partially works as marketers too as due to nature of intangibility, the marketing, production, and consumption are simultaneous and employees attitudes, behaviors and functionality can directly influence customer satisfaction who will in turn be the spoke person of the Bank irrespective of the fact that these employees are whether involved in marketing functions or not. External marketing of the Bank like advertisement, door step mobilization of the product etc., the Bank is able to create customers' expectations and make promises regarding what is to be delivered which help the Bank in attracting/ bringing the customer but through the internal marketing, the Bank is able to deliver the promises which shall bind the customer which can be better understood by the following diagram:



Source: unknown

Since numbers of services are delivered in real time, the human resource strategies of an organization are responsible for closing the gap (the difference between the customers' expectations of the service and the actual experience) in the service performance.

Review of Literature:

In today's scenario the business organizations should respect the preferences of the customers and thus make their experience a memorable and favorable one, because even if the product is best in quality but in case the service experience of the customer with the company is unsatisfactory, it will lead to loss...everyone, from the business owner or manager to the telephone operator or receptionist or the sales associate, plays an important part in how customers view a company. ⁽³⁾

Banking being a customer oriented services industry, the customer is the focus and service quality and customer satisfaction is the differentiating factor. ⁽⁴⁾ In order to compete effectively in globalized economy, organizations must be customer-focused. ⁽⁵⁾

Satisfaction = Perceived Perception – Expectation

The satisfaction level is a function of the difference between perceived performance and expectations. ⁽⁸⁷⁾ For being in the market for a long run, the time arises for a company to identify, attract and retain most valuable customers that help business to sustain profitable growth. ⁽⁶⁾ The workforce is the primary factor in influencing the customer's behavior ⁽⁷⁾. Employees who feel satisfied with their jobs provide higher level of customer satisfaction. ⁽⁸⁾ According to **Rodney F. Ganey** there is a high correlation between the overall satisfaction of the customers and handling the problems efficiently by the management. ⁽⁹⁾

Reich held and Kenny (1990) observed that there are six factors which are imperative to improve retention: senior management commitment; a customer-focused culture in which all employees and managers focused their full attention on customer satisfaction; retention information systems that tracked and analyzed the root causes of defections; empowerment of front line employees to take actions that provided immediate customer satisfaction; continuous training and development; and incentive systems based on customer retention. ⁽¹⁰⁾

Fleming and Jim Asplund (2007) strongly feel that one cannot measure and manage the employee and customer experiences as separate entities. They add that one must manage these human systems in tandem, one may need to reorganize. True value and profit comes from the employee-customer encounter in the service sector, and by measuring and managing this interaction properly⁽¹¹⁾. This is possible only through effective HRM processes. Bank can take on the challenge of quality of service. When the internal customer (employee) is satisfied, they will make efforts to satisfy the external customers through the service quality. Satisfaction of internal customers is the foundation of HRM in banks. Right approach to HRM will certainly bring about greater employee satisfaction and organizational performance effectiveness.⁽¹²⁾

Statement of the problem and Objective of Study:

In banking industry, the products of the Bank are similar. There is no possibility of patenting the product and even if a Bank comes out with a new product, other Banks are able to copy and come out with the similar product or slightly modified/improved product with different names. Even the use of technology is also almost equal. Further, even if, the Bank engage in different approaches in achieving a differentiation from the others for gaining more market share and customers in the industry, it has limitation of copying. Then, what can make the difference with their rival by which the bank is able to manage to treat customers in a way that they are pleased with i.e. their quality of customers' services. Since, the nature of services are intangible, heterogeneous, perishable, produced, and consumed at same time, it creates a challenge as well as opportunity for the Bank to differentiate them with other competitors. Due to complex requirement of customers, a bank cannot inspect its services and products to weed out unsatisfactory ones before they are presented to the customer and the employee is the key for weeding out and providing the right solution for the customer.

A satisfied employee will keep the satisfied customer and satisfied customer in turn reinforces employees' sense of satisfaction in their jobs. Therefore, the Bank should attract the best human resource, train and motivate them for demonstrating such desirable behaviors which help customers to differentiate a gratifying service experience from a dissatisfactory one. If employees are not satisfied with their jobs, achieving customer satisfaction will be impossible.

Customer perceptions of service quality is impacted by customer-oriented behavior of employees and the organization culture, working climate and the human resource experience that employees have within the organization are reflected employees behavior. Employee satisfaction and loyalty precedes customer satisfaction and customer loyalty and resultantly affects the business of the Bank.

Keeping the above in mind, the AB Bank is a Public Sector Bank having branches in all parts of India which was struggling in the era of competition implemented number of HRD initiatives to improve the knowledge, skill and attitude of the employees and create an organization culture climate where the employee feels proud to be part of it and gives its best for the customer service. It has positive impact upon the Bank and the business developed more than 6 folds in last 10 years. The Bank has been able to bring various business and service awards/ prizes including HR Awards in its fold and improve image in the industry. This research is an attempt to study the following objectives:-

- (i) Factors which determine the customer service with reference to employees.
- (ii) Whether HRD practice improves the knowledge, skills and attitude of the employee resultantly improving the customer service level.
- (iii) Whether HRD practices improves the competence and responsiveness of employees resultantly improving customer service.

Research Methodology:

The present research question involves “how” and “whether” question, we have used both primary data and secondary data. Primary data are collected through a structured questionnaire and the secondary data were obtained through books, in-house journals, website etc. The authors by collecting information and conducting survey hope to construct a model to verify whether the findings matches or differs from the theory behind employee behaviour, service quality and customer satisfaction.

Sampling Plan:

Sample was decided to be 10 branches of Bihar of the concerned PSU Bank and method of convenience sampling was adopted so that the research can be managed and at the same time true information could be obtained easily. The target group was 200 customers of the Bank selected on convenience basis that were personally contacted and requested to provide their feedback through the questionnaire. Since the sample groups were contacted personally, the group acceded to the request and wastages were negligible and 196 responses were received complete in all respect.

Limitation of the study:

It is very rightly said “Nothing is perfect in this world“, similarly this research study too has certain limitations, like:

- This study is delimited to the activities of branches of one PSU bank at one city; this is consequent to various limitation of the researcher like time constraint and limited resources etc.
- The research is further delimited to the extent of implementation of HR practices adopted by a Bank to satisfy its internal customers for the purpose for satisfying its external customers. No other comparison has been made with other banks in the same area or industry.
- This report is based on the survey done with 200 customers of the Bank which may not necessarily reveal the exact results looking to large size of population.

Analysis of Questions and interpretation of data :

(I) Factors affecting customer satisfaction with reference to employees: To understand factors important which leads to customer satisfaction during interaction between employees and customer, the author prepared a questionnaire of 11 items and obtained reply from 196 customers. It was based on convenience sampling. By doing factor analysis through use of SPSS, we observed that following factors are responsible in this regard:-

Rotated Component Matrix (a)

	Component			
		1	2	3
Q.1	Employees are friendly and polite.	.758		
Q.2	Employees of the Bank are willing to help you.	.793		
Q.3	Employees are disciplined, punctual and provide service as per time.	.752		
Q.4	The employees have product knowledge of various products/ schemes of the Bank.	.782		
Q.5	Employees of the branch understand your specific needs.	.816		
Q.6	When things go wrong, the employees show understanding and help you.	.806		
Q.7	The senior officers of the Bank are accessible to you to whom you can submit your grievances.		.904	
Q.8	In case of grievances/ complaint, the senior officers of the Bank promptly intervene in the matter for resolving the grievance / complaint.		.904	
Q.9	Responsiveness of the employees towards customer service has increased in the Bank.			.749
Q.10	The employees are competent and are able to handle the customer problem efficiently.			.759
Q.11	The employees are sincere and dedicated towards customer service.	.719		

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a Rotation converged in 5 iterations.

3 factors which accounts for a total of 94.73 % of variations on the 11 variables pertains to relation between employees and customer and have been able to affect the customer satisfaction :-

	Factors	Q. No. (Item No.)
1 st factor	Overall knowledge, skill and attitude of employees towards customer service.	1,2,3,4,5,6 and 11
2 nd factor	Competence and responsiveness of front line staff.	9 and 10
3 rd factor	Grievance handling ability of supervisor	7 and 8

(II) Hypothesis testing: To assess the impact of HRD measures upon Knowledge, skill and attitude and other factors, the respondents were informed that the bank has implemented various HRD interventions during last 10 years to change the discipline, work culture and organization climate of the bank. The respondents were asked to assess the improvement level in human facets of the Bank and following hypothesis were formulated/ tested by use of mean value and chi square test:-

Null Hypothesis I – HRD activities have no impact upon knowledge, skill and attitude of employees with reference to customer service.

Alternate Hypothesis I – HRD activities have impact upon knowledge, skill and attitude of employees with reference to customer service.

Q. No.	Items	N	Mean	Std. Deviation	Std. Error Mean
Q 1	Employees are friendly and polite.	196	4.57	.816	.058
Q.2	Employees of the Bank are willing to help you.	196	4.51	.880	.063
Q.3	Employees are disciplined, punctual and provide service as per time.	196	4.53	.825	.059
Q.4	The employees have product knowledge of various products/ schemes of the Bank.	196	4.13	1.227	.088
Q.5	Employees of the branch understand your specific needs.	196	3.98	1.033	.074
Q.6	When things go wrong, the employees show understanding and help you.	196	4.17	.970	.069
Q..11	The employees are sincere and dedicated towards customer service.	196	4.50	.820	.059

	Q.1			Q..2		
	Observed N	Expected N	Residual	Observed N	Expected N	Residual
1	2	39.2	-37.2	2	39.2	-37.2
2	6	39.2	-33.2	5	39.2	-34.2
3	11	39.2	-28.2	24	39.2	-15.2
4	36	39.2	-3.2	25	39.2	-14.2
5	141	39.2	101.8	140	39.2	100.8
Total	196			196		

	Q.3			Q.4		
	Observed N	Expected N	Residual	Observed N	Expected N	Residual
1	2	39.2	-37.2	9	39.2	-30.2
2	5	39.2	-34.2	22	39.2	-17.2
3	15	39.2	-24.2	16	39.2	-23.2
4	39	39.2	-.2	37	39.2	-2.2
5	135	39.2	95.8	112	39.2	72.8
Total	196			196		

	Q.5			Q.6		
	Observed N	Expected N	Residual	Observed N	Expected N	Residual
1	4	39.2	-35.2	2	39.2	-37.2
2	14	39.2	-25.2	11	39.2	-28.2
3	40	39.2	.8	33	39.2	-6.2
4	62	39.2	22.8	56	39.2	16.8
5	76	39.2	36.8	94	39.2	54.8
Total	196			196		

	Q.11		
	Observed N	Expected N	Residual
1	2	39.2	-37.2
2	4	39.2	-35.2
3		39.2	-22.2
4	44	39.2	4.8
5	129	39.2	89.8
Total	196		

Test Statistics

	Q.1	Q.2	Q.3	Q.4	Q.5	Q.6	Q.11
Chi-Square(a)	348.337	335.378	314.204	179.867	95.633	140.378	285.786
df	4	4	4	4	4	4	4
Asymp. Sig.	.000	.000	.000	.000	.000	.000	.000

a 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 39.2.

The above table shows that in all the items, chi square value is ranging from 95.633 to 348.337 (df is 4 and N= 196) and $p < 0.05$ in test of all the item is significant at 4 degree of freedom shows that there is significant difference in expected and observed frequencies. As such we reject Null hypothesis and accept the alternate hypothesis I, i.e. HRD activities have impact upon knowledge, skill and attitude of employees which affects customer service. Since, mean value in all the cases is 3.98 to 4.57 (more than 3.0), it proves that HRD practices improves knowledge, skill and attitude of employees which affects customer service positively.

Null Hypothesis II – HRD activities do not influence competence and responsiveness level of employees towards customer service.

Alternate Hypothesis II – HRD activities do not influence competence and responsiveness level of employees towards customer service.

Q. No.	Items	N	Mean	Std. Deviation	Std. Error Mean
Q..9	Responsiveness of the employees towards customer service has increased in the Bank.	196	4.40	1.050	.075
Q.10	The employees are competent and are able to handle the customer problem efficiently.	196	4.47	.880	.063

	Q.9	Q.10
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	Observed N	Expected N	Residual	Observed N	Expected N	Residual
0	4	32.7	-28.7	1	32.7	-31.7
1	2	32.7	-30.7	2	32.7	-30.7
2	5	32.7	-27.7	4	32.7	-28.7
3	17	32.7	-15.7	17	32.7	-15.7
4	40	32.7	7.3	44	32.7	11.3
5	128	32.7	95.3	128	32.7	95.3
Total	196			196		

Test Statistics

	Q.9	Q.10
Chi-Square(a)	364.755	374.306
df	5	5
Asymp. Sig.	.000	.000

a 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 32.7.

The above table shows that chi square value is 364.755 and 374.306 (df is 5 and N= 196) and $p < 0.05$ in test of both the item, is significant at 5 degree of freedom shows that there is significant difference in expected and observed frequencies. As such we reject Null hypothesis and accept the alternate hypothesis II, i.e. HRD activities influence competence and responsiveness level of employees towards customer service. Since, mean value is 4.40 and 4.47 (more than 3.0), it proves that HRD activities improves competence and responsiveness level of employees towards customer service.

Null Hypothesis III – HRD activities do not develops culture among supervisors to understand customers’ grievance empathetically.

Alternate Hypothesis III – HRD activities develops culture among supervisors to understand customers’ grievance empathetically.

Q. No.	Items	N	Mean	Std. Deviation	Std. Error Mean
Q.7	The senior officers of the Bank are accessible to you to whom you can submit your grievances.	196	4.27	1.228	.088
Q.8	In case of grievances/ complaint, the senior officers of the Bank promptly intervene in the matter for resolving the grievance / complaint.	196	4.27	1.228	.088

	Q.7			Q.8		
	Observed N	Expected N	Residual	Observed N	Expected N	Residual
0	8	32.7	-24.7	8	32.7	-24.7
1	2	32.7	-30.7	2	32.7	-30.7
2	8	32.7	-24.7	8	32.7	-24.7
3	12	32.7	-20.7	12	32.7	-20.7
4	48	32.7	15.3	48	32.7	15.3
5	118	32.7	85.3	118	32.7	85.3
Total	196			196		

Test Statistics

	Q.7	Q.8
Chi-Square(a)	309.224	309.224
df	5	5
Asymp. Sig.	.000	.000

a 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 32.7.

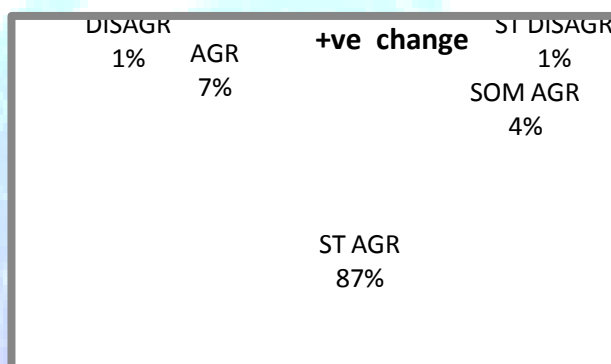
The above table shows that in the above items, chi square value is 309.224 (df is 5 and N= 196) and $p < 0.05$ in test of both the item is significant at 5 degree of freedom which shows that there is significant difference in expected and observed frequencies. As such we reject Null hypothesis and accept the alternate hypothesis III, i.e. HRD activities develops a culture among supervisors

to understand customers grievance empathetically. Since, mean value in all the cases is 4.27 (more than 3.0) in both the cases, it proves that it improves in positive direction.

Null Hypothesis IV- HRD activities have no role in changing work culture of the Bank.

Alternate Hypothesis IV- HRD activities have role in changing work culture of the Bank.

No	Item	Strongly Agree	Agree	Somewhat agree	Disagree	Strongly Disagree
12	There has been a positive change in the work culture of this Bank.	165	14	8	1	2



94% respondents feel that **there has been a positive change in the work culture of this Bank**, 4% are partially agreed and only 2% disagreed. On statistical analysis, the table below shows that Chi square value of 273.235 (df=4, N=196), $p < 0.05$ is significant at 4 degree of freedom, showing that there is significant difference in expected and observed frequencies. As such we reject null hypothesis IV and accept alternate hypothesis IV, that is, HRD activities has created positive work culture in the Bank.

	Observed N	Expected N	Residual
1	2	39.2	-37.2
2	4	39.2	-35.2
3	17	39.2	-22.2
4	47	39.2	7.8
5	126	39.2	86.8
Tota 1	196		

Test Statistics

	Change in work culture
Chi-Square(a)	273.235
Df	4
Asymp. Sig.	.000

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 39.2.

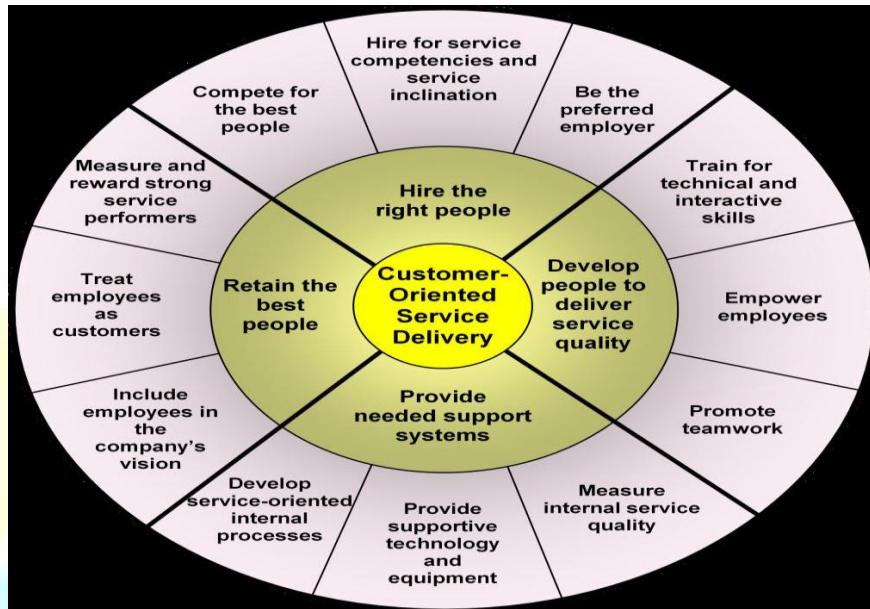
Conclusion:

Customers perceive services in terms of quality of product and overall experience. Before, 1970's the employees were considered as cost and necessary evil for the organization. But after the advent of the Human Capital theory in 1980's, the organization started realizing that the employee are the core strength of the organization and only competent and committed personnel makes an edge over the competitor. When it comes to building great organization the most urgent business challenge is finding and keeping great people employees.

The HRD activities of an organization is directly or indirectly responsible for the satisfaction level of employees resultantly which affects customer satisfaction level. Looking to the importance of the role of employees in the organization, it is necessary to equip the employees to carry out their function successfully. There is necessity to develop their job satisfaction. Job satisfaction can be caused by:

- Possession of knowledge, skill and attitude of employees.
- The treatment given to them by the employer/ management.
- Authority given by the management to serve the customers.
- The culture developed by the organization towards customer service.
- Willingness and ability to deliver quality services, and stay motivated to perform in customer-oriented and service minded.

The organization can develop several strategies to develop the competence, commitment of the employees and develop customer oriented organization culture through the following wheel:



The Importance of People on Delivering Service Quality: A study in Svenska Handelsbanken of Gävle¹⁰



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