Post-service recovery customer satisfaction in Indian retail banking: a qualitative perspective

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Abstract: Customer satisfaction is one of the important aspects in any business. Customer satisfaction might be studied from a general perspective or under situational contexts like service failure and subsequent recovery in service delivery. Few researchers have studied post-service recovery customer satisfaction by analysing the dimensions contributing to it. Researchers have also not analysed those dimensions from an exploratory perspective. To address this issue, the dimensions contributing to post-service recovery customer satisfaction in Indian retail banking are studied from a qualitative perspective. Depth interviews and focus group discussions were conducted and analysed based on grounded theory. The analysis included open coding, writing memos, concept generation from the phenomena, index card sorting, axial coding and selective coding. The concepts generated would determine the dimensions which might affect post-service recovery customer satisfaction in Indian retail banking.

Keywords: customer satisfaction; service delivery; service failure; service recovery; focus group; grounded theory; concepts; categories; retail banking; India.


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1 Introduction

Customer satisfaction is one of the major determinants of the long-term success of any organisation (Peppers and Rogers, 2005). Banks accept the fact that customer satisfaction is very important for any organisation providing services. They also realise that it can be achieved through delivery of quality services to customers. This will help banks in the long-term survival (Wang et al., 2003).

1.1 Concept of customer satisfaction

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

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

Customer satisfaction is a person’s feelings 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).

1.2 Post-service recovery customer satisfaction

Customer satisfaction might be studied in general or it might be situation specific. It might not be uniform and might vary with different situational contexts. One such context is service delivery. Service delivery is critical to any organisation and it is more so for an organisation providing services. The efficiency in service delivery for those organisations will determine its success in the long run (Casado et al., 2011).

Banking is a service-oriented industry. So service delivery is expected to play a major role in its success. Service delivery constitutes two major dimensions: service failure and service recovery (Jayasimha and Murugaiah, 2008).

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

Different researchers have defined service failure and service recovery in various ways. 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).

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).
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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).

The construct of customer satisfaction captures the broad aspects related to service delivery. But it will not 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). For this reason post-service recovery customer satisfaction needs to be studied.

1.3 Importance of post-service recovery customer satisfaction

An organisation would not be able to survive if it delivers poor service to its customers for a sufficiently long duration. It has been shown by various researchers (Stauss and Schoeler, 2004; Kumar, 1999) that the chances of customer retention are higher if customers are satisfied with service recovery. Post-service recovery customer satisfaction gives an indication towards the effectiveness of service recovery. On the contrary, if the customers are not satisfied with the service recovery, there might be a decline in customer confidence, negative word of mouth, direct cost of re-performing the service and, finally, customer attrition (Berry and Parasuraman, 1991). 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 affecting post-service recovery customer satisfaction are studied. This necessitates a thorough investigation about the dimensions affecting post-service recovery customer satisfaction.

The objective of the paper is to investigate the dimensions affecting post-service recovery customer satisfaction from a qualitative perspective.

2 Literature review

The existing literature shows limited number of studies in which the dimensions affecting post-service recovery customer satisfaction in retail banking are investigated.

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

The dimensions affecting post-service recovery customer satisfaction among the retail banking customers of South Africa based on RECOVSAT was studied by Boshoff (2005). RECOVSAT is 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. The dimensions which
emerged are communication from 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 dimensions affecting service recovery which might be specific to retail banking and have not been considered.

Studies for determining dimensions affecting post-service recovery customer satisfaction were also conducted by Komunda and Osarenkhoe (2012), Huang and Lin (2011), Duffy et al. (2006) and Lewis and Spyrakopoulos (2001).

Most of the studies (Díaz et al., 2007; Boshoff, 2005) applied existing models to find the dimensions affecting customer satisfaction in retail banking. The existing models of customer satisfaction were either reviewed or validated to determine the dimensions affecting customer satisfaction. In some other cases (Komunda and Osarenkhoe, 2012; Huang and Lin, 2011), research was done based on primary data collected through structured questionnaires. In some cases (Duffy et al., 2006; Lewis and Spyrakopoulos, 2001), convenience sampling was used to receive responses from the banking customers.

The generation of dimensions for a construct like customer satisfaction requires to be based on exploratory research and qualitative analysis (Churchill, 1979). The techniques that need to be applied include literature reviews and insight-stimulating examples (Sellitz et al., 1976). The existing literature needs to indicate how the variable has been defined previously and how many dimensions or components have been conceptualised. The dimensions would be generated from the analysis of critical incidents and focus group discussions. This indicates that item generation only through literature review or responses through structured questionnaires would not suffice. None of the previous studies followed the approach of qualitative analysis in determining the dimensions leading to customer satisfaction in retail banking. The phenomenon of post-service recovery customer satisfaction in retail banking and the dimensions 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.

3.1 Specifying the domain of the construct of post-service recovery customer satisfaction

Clear specification of the domain of the construct 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
dimensions. 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 definition (Tse and Wilton, 1988; Oliver, 1980) seems to be the attitude shown by customers. Further, in order to measure customer satisfaction, it is necessary to measure the expectations of the customers before the purchase of the 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 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 conceptualise the construct of post-service recovery customer satisfaction and to specify its domain.

3.2 Exploration of the dimensions contributing to post-service recovery customer satisfaction

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

3.2.1 Grounded theory

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

In the present analysis, GT was considered as the most suitable approach because it is more suitable to researching problems that do not allow for pre-conceptualised theory (Glaser, 1995). In this particular case, it is assumed that there are no pre-conceptions about post-service recovery. This was assumed so that the phenomenon might be studied starting from the basic principles and without any bias. There are other qualitative research tools like phenomenology and psychoanalysis, but in this particular case grounded theory has been chosen for the analysis because GT is a suitable approach in understanding and generating dimensions for different constructs (Parry, 2003).

Grounded theory is an inductive process and is guided by specific guidelines as outlined by Corbin and Strauss (1990):
Data collection and analysis are interrelated and concurrent processes. Collecting data first, as in other methods of research, violates the core foundation of GT.

Concepts are the basic units of analysis. Conceptualisation of data rather than description is the central emphasis of GT.

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.

Sampling in GT proceeds on theoretical grounds. Sampling is guided by ideas generated from the phenomena under study.

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.

Patterns and variations in data are accounted for.

Application of GT principles and procedures consists of 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 methodology used included the following steps:

1. conducting interviews and focus groups discussions;
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.

Depth interviews (24 in number) and focus group discussions (six in number) were conducted to understand the concept of post-service recovery customer satisfaction in Indian retail banking. Conducting the interviews and focus group discussions were stopped once no more concepts were getting generated (i.e. when saturation occurred). In this specific case, this happened after around 17–18 interviews and four focus group discussions. Grounded theory emphasises that it needs to be made sure that saturation has actually happened. To ensure this, some more interviews and focus group discussions were conducted even after saturation had occurred just to make sure that saturation has actually happened.

The respondents were Indian retail banking customers. The personal details of the respondents (namely name, age, occupation) were not asked during the interviews and the focus group discussions. Also, the respondents were assured that the interviews and the focus group discussions would be used solely for research purposes. This was done by the researchers to ensure the safety, privacy and confidentiality of the respondents.
The respondents were selected based on the following criteria:

1. The respondent needed to be an Indian retail banking customer.
2. The respondents were selected in a way so that they included different segments of Indian retail banking customers.
3. Once the interview process started, those respondents were selected for further interviews that could provide further insights into the concepts and categories which were not fully saturated (theoretical sampling as proposed by Corbin and Strauss, 1990).
4. The participation of the respondents was voluntary and those respondents who were willing to participate in the study were selected.

The interviews and the focus group discussions lasted as long as new concepts were generated. The interviews and the focus group discussions were conducted and recorded. The interviews and the focus group discussions were then transcribed. Once there was saturation in the generation of concepts, conducting the interviews and the focus group discussions was stopped. Usually, each of the interviews or focus group discussions lasted approximately 15–20 minutes. Before each interview and focus group discussion, the construct of customer satisfaction and the context were explained to the respondents.

Grounded theory emphasises 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 through interviews and focus group discussions were conducted simultaneously.

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

From each and every interview and focus group discussion, certain concepts emerged which were analysed before the next interview or focus group discussion 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 group discussions 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 group discussions were stopped once it was felt that saturation along the dimensional ranges was taking place and no new dimensions were getting generated from the analysis of fresh interviews and focus group discussions.

Index card sorting was applied for 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. They have a clear 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 and confirmatory card sorting.

Exploratory card sorting 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 the concepts need to be segregated into different categories and sub-categories.

Confirmatory card sorting 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 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 discussion;
2 labelling of the primary groups;
3 creation of secondary groups;
4 labelling 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.

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 open 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 clues in the data that denote how major categories might relate to each other.

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 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, i.e. 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 so that it can be used conduct research in other substantive areas, leading to the development of a more general theory.

4 Data analysis

Below are excerpts from the transcripts of the interviews conducted to understand customer satisfaction in Indian retail banking scenario. Primary labelling was done on the data and from them the phenomenon was 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 labelling was done based on the objects which were identified as being significant in the data. The labelled 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 he faced and which might have caused 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 labelling are satisfactory explanations for not providing a service and prior intimation to the customer about the 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 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 are satisfactory explanations by the bank for the denial of a service desired by the customer and prior intimation to the customer about the inability of the 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, 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 instil trust in the minds of the customers.”

Primary labelling was done based on the objects which were identified as being significant in the data. The labelled portions were highlighted.

“Ideal service recovery would include prompt action from the bank, and willingness of the 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 the 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 are prompt action by the bank, willingness of the 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 behaviour 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 labelling was done based on the objects which were identified as being significant in the data. The labelled portions were highlighted.

“The behaviour 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 had 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 even be 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 labelling are the behaviour 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 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 the behaviour shown by the employees would be a major determining dimension 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 or her problems. So understanding nature of the employees was coded. Any complaining customer would also expect that the employee with whom he or she is interacting would understand the critical situation faced by him or her and give a prompt response and attention to his or her 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 are employee behaviour 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 labelling was done based on the objects which were identified as being significant in the data. The labelled portion was 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 talked 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 was done on the data to identify the concept. The open code which was 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 service failure. If the customer receives the compensation, this might lead to satisfaction for the complaining customer. So compensation received by the complaining customer was coded.

The concept which was 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 on 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 labelling was done based on the objects which were identified as being significant in the data. The labelled portion was 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 talked 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 was done on the data to identify the concept. The open code which was 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 was coded.

The concept which was 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 group discussions which were conducted. Concepts were also gathered from 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 identities to the concepts.

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

The major categories and sub-categories which emerged from 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 (items in bold indicate categories):

- **service failure**
- **service recovery**
- service recovery efforts
- service recovery capabilities

communications

- service quality

- customer care

- employees

- justice

- tangibles

- axial coding

Axial coding for the different categories and sub-categories is shown below:

The major categories which emerged were service failure, service recovery, employees, justice and tangibles. Service failure had the specific properties of, 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 the bank to provide a specific service, explanation to the customer about the reasons for service failure 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 efforts made by the bank to recover, understanding of customer requirements, prompt action taken by the bank for recovery and various other properties. These properties were 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 the bank to provide service recovery and various other properties. Communications had specific properties, namely apology by bank for the inconvenience caused, clear communication to 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 the 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 service recovery within the promised deadline were higher. The consequences might be higher post-recovery customer satisfaction for the respondent.

The category ‘employees’ had the properties of seriousness of employees towards 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. The better the ability of the employees in handling crisis situations, the 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 had the properties of availability of a grievance-handling mechanism, compensation received by the complaining customer, fair treatment received by the customer and some other properties. The better the treatment received, the higher was the perception of justice and the 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 ‘service 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 had the properties of ambience in the bank premises, professional environment inside bank premises and some other properties. The better the ambience inside bank premises, the better might be the perception about the professional atmosphere in the bank and the 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.

4.1 Selective coding

It was noticed from the analysis of the categories and sub-categories based on axial coding that the category service recovery linked with all the other categories along the dimensional ranges. Also, it was found from the interviews and focus group discussions that service recovery was central to 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 group discussions. The concepts generated represent the dimensions affecting post-service recovery customer satisfaction in Indian retail banking.
5 Discussion

The situational context of service failure and the manner in which the banks handle it 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 dimensions contributing to post-service recovery customer satisfaction. In this paper, an attempt was made to understand the construct of post-service recovery customer satisfaction in Indian retail banking and to explore the dimensions which might affect post-service recovery customer satisfaction. The qualitative approach adopted based on grounded theory has enabled the understanding of 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 banks to offer their services in a way that leads to the satisfaction of their customers in the occurrence of a service failure.

6 Limitations

The depth interviews and the focus group discussions conducted tried to capture scenarios where a service failure had occurred. Sometimes, there was a solution to the service failure, while 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.

Insights into a specific construct demand that responses from a diverse set of respondents be collected and analysed. 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 while conducting the interviews and focus group discussions so that the respondents included a wide range of segments of Indian retail banking customers. But it cannot be emphasised with certainty that all the different segments of retail banking customers were considered.

7 Conclusion

The study adopted a qualitative approach based on grounded theory for finding the dimensions which might affect post-service recovery customer satisfaction in Indian retail banking. The categories obtained from the analysis form the broad dimensions, while the sub-categories and the concepts form the sub-dimensions. For better understanding of post-service recovery customer satisfaction in Indian retail banking, the interconnections among the various categories, sub-categories and concepts might be done based on axial coding performed in the analysis. Theories of post-service recovery customer satisfaction in Indian retail banking might be developed based on the interconnections.
In our view, no previous study has attempted to understand the construct of post-service recovery customer satisfaction and the dimensions 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 Indian retail banking better. Similar approach might be undertaken in 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 the 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 behaviour in such cases might be studied based on this approach.

References
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