

UNRAVELING THE CUSTOMER VOICE: ENHANCING GRIEVANCE MANAGEMENT THROUGH PROFOUND INSIGHTS INTO CUSTOMER PROPENSITY TO COMPLAIN

Abstract

Complaints are an indicator of organizational performance assessment, signaling problem or failures in internal processes that need quick recovery in order to avoid migration of customers. The consequence of losing a customer is both profit decrease and negative word of mouth to other potential customers. The study highlighted the latent factors influencing the customer's propensity to complain in the service failure situation in the banking sector. The banking sector is the core system for the delivery of various financial services to the customers all over the country. To deal with vast network of bank branches with billions of customers lead to complexity in banking operations. This leads to service failures in banking sector. Therefore, present study demonstrates how customers evaluate service, and their propensity to complain as a reaction to specific service failure situation.

Keywords: banking, customer complain behavior and service failure

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I. INTRODUCTION

Quality of service rendering is treated as the principal fact on which service sector like banks creates their reputation. To deal with vast network of bank branches with billions of customers leads to complexity in banking operations. This leads to service failures in banking sector. Service failure generally happens when service performance is lower than the expected level of customers. The effect of service failure is customer dissatisfaction. A dissatisfied customer can raise complaint to the service provider. To reduce the consequence of complaints and failed recovery, it is significant to handle the complaints in a competent manner.

A proper complaint management is essential in banks because minor failure may affect in a negative way. Therefore, complaint management is vital for banks to maintain the existing customers and to gain new customer base. The efficient redressal mechanism of complaints increases the profitability and creates positive image in the banking sector irrespective of private and public sector banks. Effectiveness of complaint management system between public sector banks and private sector banks ensures quality services to the customers and reducing service disparity between them.

The basic challenge before banking industry is that customers are failed to raise complaint against service failure in the early stages. Developing a good complaint management system alone cannot serve the purpose of catering to the customers but making the customer aware of the various redressal avenues at their disposal is also necessary (Cicila, C.F. (2021). Customers have many alternatives to switch if they are not satisfied with the services provided. Banks are becoming attentive to the customer's complaints that help the banks to identify the areas where they lack in satisfying the customer's needs and expectations. Improvements can only be done if the problem areas can be properly identified. Therefore, present study investigates the factors influencing the customer's propensity to complain in the service failure situation in the banking sector.

II. REVIEW OF LITERATURE

To provide necessary background for the present study, an attempt is made here to review briefly important research studies.

1. **Bergel& Brock (2018):** examined the impact of three different dimensions of switching costs on customer dissatisfaction response styles as well as on the evaluation of service recovery. The author conducted a scenario-based experiment and used a critical incident technique combined with survey-based measures of switching costs, dissatisfaction responses, and perceived complaint handling. The results of this study highlighted the need to consider the different effects of switching costs. Not only do different switching costs lead to varying customer dissatisfaction responses, but they also have differential moderator effects on the interrelationships between customer-perceived recovery justice and service recovery satisfaction.
2. **Garding& Bruns (2015):** analyzed the impact of customer complaint behaviour and classified the potential type of behavior after a dissatisfying incident. The social network was identified as a potentially emerging complaint channel and described the scientific

theories i.e. justice, behavioral and attribution theories which are customer satisfaction analysis.. Thus, this study revealed that social networks work as an appropriate new complaint channel, encouraging non- voicers and preventing negative word-of-mouth.

3. **Heejung R (2015):** investigated the reasons for non -complaining and compared the return intentions of complainers and non-complainers after a service failure. This research focused on differentiating the two types of dissatisfaction responses from non-complainers: loyalty and neglect. These dimensions provided evidence for distinguishing loyalty from neglect
4. **Jonsson (2013):** analyzed the importance of communication in the process of complaint management in the Swedish telecom companies. The content analysis of customer narrative was applied for study. The finding of the study confirmed that the failure on the part of frontline employees to have a proper interpersonal communication and behavior in responding to the grievances was the main reason for complaint handling dissatisfaction, other factors that had adverse effect on the effectiveness of the complaint management were troublesome organizational procedures and improper redress escalated complaint situations.
5. **Liang (2013):** developed a multi-agent model involving the participation decision to complaint behavior and the corresponding management policy. It emphasized the role of identifying complaint barriers which can lead to the exit of the customer. Customer expectation and the outside option were identified as the determinants of complaint management policy the study revealed that firms set socially-excessive complaint barriers.
6. **Mousavi (2013):** conducted a study to determine the factor influencing customer complaint behavior and suggested a model that gives a dynamic view of customers' complaint behavior. The research identified the factors influencing complaint behaviors such as personal factors, service factors, situational factors, and micro element. The author also stated that people's coping strategies is an effective factor in the selection of complaint behavior type. They also emphasized that analyzing and identifying different factors that cause complaint behavior is important for different types of services.
7. **Taleghani, Largani, Gilaninia, &Mousavian (2011):** investigated Customer Complaint Management (CCM) as well as the associated key challenges essential for achieving customer retention and loyalty. The author also demonstrated models and processes of customer complaint management and complaint intensity. For empowering customer complaint management suggestions have been proposed and Returned on Complaint Management (ROCM) has been described as a performance indicator for complaint management profitability. The findings of the study indicated that effective complaints management requires a cultural change in organization's environment and also suggested that different levels should be considered in complaint management, employees' participation plays a vital role in complaint management success and the authors suggested that Customer Complaint Management empowerment should include complaint strategy, processes, and analysis.

8. **Russell-Bennett&Härtel (2011):** opined that complaints that are not handled effectively can result in substantial damage to a company, both materially and to its reputation and relationships, in particular, third-party complaints which have a significant impact on organizations. This study provides a taxonomy of emotions expressed in complaint behavior to third parties based on analyses of transcripts of four focus groups' discussion of service failures and the events and feelings leading to complaint behavior to a third party. The study proposed that the emotional motivations for complaints may be more powerful in driving behavior than previously recognized and that organizations need to address emotional concerns in a more-informed manner to achieve more effective complaint handling.
9. **Namkung, Jang & Choi (2011):** investigated consumers' response to service failures at different service stages and loyalty levels. A survey was conducted of 289 customers in the United States found that customers are likely to complain at any service stage following a service failure. Highly loyal customers showed a significantly higher willingness to complain than less loyal customers when a service failure occurs during the greeting/seating and order taking/delivery stages. The authors identified four consumer groups with distinct willingness to complain and levels of loyalty emerged from this study: silent potential, pure complainer, silent supporter and loyal voicers. Among those groups, the silent supporter group which included high effective loyalty and low inclination to complain showed the highest behavioral intentions, whereas the pure complainer group with low effective loyalty and high inclination to complain showed the lowest behavioral intentions.

III. STATEMENT OF THE PROBLEM

In the present competitive world, customers have self-awareness about the need to receive quality service at right time and to voice complaints as a reaction to specific service failure situation. When the banks fails to deal with customer complaints effectively that resulting not only high customer turnover but also low customer retention. . High customer turnover reducing bank profitability and increasing bad perceptions about the bank. In light of these situations, it is essential that banks should perfect their customer handling procedures to avoid the negative impacts that come with failure. So it is necessary to identify factors influencing the customer's propensity to complain in the service failure situation in the banking sector.

IV. SIGNIFICANCE OF THE STUDY

The banking system is featured to the delivery of various financial services through variety of transactions. Inappropriate implementation in the variety of operations due to its immediate service expansion add problems to the customers and bank employees that results service failure. But the situation becomes more crucial when the customers are failed to raise complaint against service failure in the early stages. Present study tries to find factors influencing customer propensity to complain in service failure situation in the banking sector. The factors identified from the study is significant to solve certain operational malfunctions and to reestablish customer trust and satisfaction.

V. OBJECTIVES OF THE STUDY

Objectives of the present study is to determine factors influencing the customer's propensity to complain in the service failure situation in the banking sector.

VI. HYPOTHESIS OF THE STUDY

Hypothesis developed for the study is there is no significant difference in factors leading to propensity to complain among the customers of different banks.

VII. METHODOLOGY

Present study is both descriptive and analytical in nature. Present study is based on both secondary data and primary data. Primary data collected from the customers of both public and private sector banks. A Questionnaire was developed for this purpose. The Secondary data were collected from Journals, Magazines, Books, Publications and Reports. A total of 384 customers were selected from private and public sector banks as respondents. Purposive sampling method is used for selecting sample respondents. The data collected for the study processed and analysed with the help of SPSS. For analysing quantitative data factor analysis, ANOVA and MANOVA were used.

VIII. RESULTS AND DISCUSSION

Present study is conducted to determine various factors influencing the customer's propensity to complain in the service failure situation in the banking sector. Twenty-two variables influencing chances of complaining were identified after a detailed literature review. Factor analysis was employed to find of the latent factors influencing the customer's propensity to complain in a dissatisfying situation.

Table 1: KMO and Barlett's Test of factors affecting customer propensity to complain

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.823
Bartlett's Test of Sphericity	Approx. Chi-Square	3960.148
	df	231
	Sig.	0.000

Test Statistic Bartlett's test of Sphericity resulted in a large value (3960.148) which indicates that the variables do not correlate with each other and Kaiser-Meyer-Olkin (KMO) Measure of Sampling adequacy is 0.823. These two values allow the application of factor analysis.

The principal Component method was adopted, which extracted three component factors with Varimax rotation was carried out and the result is presented in Table 2. Using the "Eigen value greater than 1" criteria, five factors were formed explaining a total variance of 62.875 per cent. The result indicates that the propensity to complain to the banks is mainly based on five intrinsic factors.

Table 2: Total variances explained to the components of factors affecting customer propensity to complain

Component	Initial Eigen Values		Cumulative percentage	Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	Percentage of Variance		Total	Percentage of Variance	Cumulative percentage	Total	Percentage of Variance	Cumulative percentage
1	6.913	31.425	31.425	6.913	31.425	31.425	3.775	17.157	17.157
2	2.479	11.27	42.695	2.479	11.27	42.695	3.349	15.221	32.379
3	1.798	8.175	50.87	1.798	8.175	50.87	2.979	13.543	45.922
4	1.531	6.959	57.829	1.531	6.959	57.829	2.379	10.813	56.735
5	1.11	5.046	62.875	1.11	5.046	62.875	1.351	6.14	62.875

Source: Primary data

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Table 3 presents the rotated component matrix of factors affecting customer propensity to complain. The factor loading of components less than 0.5 were suppressed for making factors without multiple components.

Table 3: Rotated Component Matrix of factors affecting customer propensity to complain

	Component				
	1	2	3	4	5
Delay in issuing duplicate pass book	0.797				
Delay in the collection of outstanding cheque	0.791				
Delay in issuing a demand draft	0.790				
Delay in implementing new schemes	0.714				
Delay in transferring account	0.603				
Delay in encashing cheque or draft	0.541				
non-adherence to prescribed working hours		0.766			
Staff Lack of knowledge regarding the product and services		0.758			
The indifference of bank staff towards you		0.755			
Distasteful language in conversation		0.704			
Inadequate information on schemes rules and regulations		0.611			
Violation of privacy norms		0.454			
Account debited more than once for one withdrawal in ATMs			0.762		
delay or failure to effect online payment / Fund Transfer,			0.707		
Account debited but cash not dispensed by ATMs			0.668		
Debit in the account without the use of the card or details of the card			0.629		
Bank failure to follow your standing instruction			0.596		
Dishonoring of a cheque which according to you is unjustifiable			0.487		

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The issue of incomplete /faulty demand draft				0.782	
unauthorized electronic payment / Fund Transfer				0.725	
Incorrect entries in Pass Book				0.585	
Delay due to complicated procedures					0.760

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization. Rotation converged in 7 iterations.

The extract factors affecting the customer propensity to complain with factor loading are presented in table 4. The first factor consists of six variables namely delay in issuing duplicate pass book, delay in collection of the outstanding cheque, delay in issuing demand draft, delay in implementing new schemes, delay in transferring account and delay in en cashing cheque or draft. The most prominent variable is a delay in issuing duplicate passbook with a factor loading of 0.797 followed by a delay in collection of outstanding cheques with a factor loading of 0.791 and delay in issuing demand draft with a factor loading of 0.790. All six factors are related to delay in various aspects of service delivery. So the factor comprising those variables has been named as service delay.

Table 4: Factors affecting customers propensity to complain

Factor 1 Service delay		Loading
1	Delay in issuing duplicate pass book	0.797
2	Delay in the collection of outstanding cheque	0.791
3	Delay in issuing a demand draft	0.790
4	Delay in implementing new schemes	0.714
5	Delay in transferring account	0.603
6	Delay in en cashing cheque or draft	0.541
Factor 2 Lack of responsiveness		
1	Non-adherence to prescribed working hours	0.766
2	Staff Lack of knowledge regarding the product and services	0.758
3	The indifference of bank staff towards you	0.755
4	Distasteful language in conversation	0.704
5	Inadequate information on schemes rules and regulations	0.611
6	Violation of privacy norms	0.454
Factor 3 E-service Failure		
1	Account debited more than once for one withdrawal in ATMs	0.762
2	Delay or failure to effect online payment / Fund Transfer,	0.707
3	Account debited but cash not dispensed by ATMs	0.668
4	Debit in the account without the use of the card or details of the card	0.629
5	Bank failure to follow your standing instruction	0.596
6	Dishonoring of a cheque which according to you is unjustifiable	0.487

Factor 4 process fault		
1	The issue of incomplete /faulty demand draft	0.782
2	Unauthorized electronic payment / Fund Transfer	0.725
3	Incorrect entries in Pass Book	0.585
Factor 5 delay in procedures		
1	Delay due to complicated procedures	0.760

Source: Primary Data

The second factor was named as lack of responsiveness as the variables included in this factor are related to the response of the staff of the bank to its customers. The most prominent variable in this factor was non adherence to prescribed working hours with a factor loading of 0.766, followed by staff lack of knowledge regarding the product and services with a factor loading of 0.758, and indifference of bank staff towards the customer with a factor loading of 7.55. The third factor was categorized as e-service failure as the variables included in this factor were related to e-services and e-process. The most prominent variable in this factor is account debited more than once for one withdrawal in ATM with the factor loading of 0.762, followed by delay and failure to affect online payment or fund transfer with a factor loading of 0.707. Other variables included in this factor were Account debited but cash not dispensed by ATMs with a factor loading of 0.668 bank failure to follow your standing instruction with a factor loading of 0.596 and dishonouring of a cheque which according to you is unjustifiable with 0.487 as factor loading.

The fourth factor was named as process fault as the variables in this factor were related to process failure. The most prominent variable in this regard was an issue of incomplete or faulty demand draft with a factor loading of 0.782, followed by unauthorized electronic payment / Fund Transfer with a factor loading of 0.725 and Incorrect entries in passbook with a factor loading of 0.585.

The fifth factor was named as delay in procedures with a single variable delay due to complicated procedures with a factor loading of 0.760.

The score of factors affecting customer propensity to complain was estimated from the factor loading of their component variables. Table 5 present the mean score of factors affecting customer propensity to complain.

Table 5
Mean scores of factors affecting customer propensity to complain

	Mean	Std. Deviation
Service delay	12.84	4.19
Lack of responsiveness	14.54	3.77
E-service Failure	12.88	3.62
Process fault	6.87	2.29
Delay in procedures	2.99	0.93

Source: Primary Data

From the table, it can be seen that lack of responsiveness is found to be leading factor affecting the customer propensity to complain as it has got the highest mean score of 14.54. The other important factors in descending order of severity leading to complain are e-service failure (12.88), service delay (12.84), process fault (6.87) and delay in the procedure (2.99). From this, it can be inferred that propensity to complain is high for those situations which customer feel the bank employee has control on.

Inter-sector variation in the factors affecting customers' propensity to complain is shown in table 6.

Table 6: Inter sector variation in the factors affecting the propensity of the customer to complain in dissatisfying situations

Factors	Private		Public		ANOVA		MANOVA	
	Mean	SD	Mean	SD	F	Sig.	F	Sig
Service delay	13.40	4.21	12.27	4.10	7.048	0.008	4.938	0.000
Lack of responsiveness	15.23	3.45	13.84	3.95	13.404	0.000		
E-service Failure	12.90	3.70	12.85	3.55	0.017	0.898		
Process fault	6.89	2.19	6.86	2.38	0.020	0.886		
Delay in procedures	3.10	0.88	2.89	0.96	5.357	0.021		

Source: Primary Data

The result of ANOVA revealed that there was significant difference in the service delay, lack of responsiveness and delay in procedures factors with respect to Public Sector Banks and Private Sector Banks as the significance level of F value was less than 0.05. The result of MANOVA indicated that when all the factors are taken together there was significant variation among customers of different banks in a different sector that is Public and Private Sector as the significance level of F value was 0.00 which was less than 0.05. From the result, it can be seen that the factors leading customers' to complain was higher in case of Private Sector Bank than Public Sector Banks. From this, it can be inferred that customers of Private Sectors Banks are prone to complain in case of delay in services, inaccurate e-services and delay in procedures. Therefore the study reject the null hypothesis that there is no significant difference in factors leading to propensity to complain among the customers of different banks and accepted the alternative hypothesis that there is significant difference in factors leading to propensity to complain among the customers of different banks.

IX. CONCLUSION

Present study tries to determine factors influencing the customer's propensity to complain in the service failure situation in the banking sector. Propensity to complain means consumers attempt to find remedy or sharing their disappointment with banks when there is an unpleasant service experience. It can be identified from the study that lack of responsiveness is a leading factor affecting the customer propensity to complain. The other important factors leading to complain are e-service failure, service delay, process fault and

delay in the procedure. Moreover, the study revealed that there was significant difference in the service delay, lack of responsiveness and delay in procedures factors with respect to Public Sector Banks and Private Sector Banks. From this situation, it can be inferred that propensity to complain is high for those situations which customer feel the bank employee has control on.

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