

BANK PERSONNEL'S PERCEPTION OF BANKING SERVICES AND IMPLICATIONS FOR SERVICE QUALITY

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This exploratory study examines the perceptions of bank personnel regarding bank services offered to customers by the banks in Turkey. The specific objectives of the study are to examine the perceptions of the bank personnel regarding the importance of the bank services; to compare the personnel perceptions of bank services by selective demographic profiles; and to discuss the implications of the results for service quality. The study found significant perceived differences of bank services by personnel position, gender, and age, but not education level. These differences, or "gaps", if not taken care of, could have adverse impact on bank service quality and in turn, on bank performance. The study presents a framework showing the potential impact of bank personnel characteristics on bank service quality. This framework and the results of the study could help managers to improve the quality of banking services offered to customers.

INTRODUCTION

In today's dynamic marketplace, consumers have more choices and a wide variety of alternative banking services. A main challenge for banks is to understand how a customer decides which bank to choose when many of the banks offer similar products and services, such as free checking, phone access, and on-line and/or mobile banking. Stickler (2001) states that two things that can differentiate one bank from another and attract the customer: (1) customer service and (2) how the banks present and sell their products and services. Customers tend to go where they are made to feel welcome and offered the best quality service (Stickler 2001). However, if customers are not aware or informed of the products and services that a bank offers, they may not have any reasons to go to or stay with that bank. Therefore, banks must effectively communicate their products and services to their customers and target market.

To this end, it is essential for banks to examine how their bank personnel perceive the services and activities that they offer to their customers. Schneider, Parkington and Buxton (1980) reported that bank employees' perception of the organization they work for is closely related to the customers' perception of the quality of service that the organization provides. A study by Yayla, Kaya and Erkmén (2005) showed that the ultimate success of any service quality program implemented by a bank can only be gauged by creation and retention of satisfied customers. They claim that the role of customer-contact personnel in the attainment of these goals is of paramount importance. Thus, they recommended that in delivering high quality services to the external publics (i.e., customers), banks should not ignore the specific needs of their internal publics (personnel), notably their customer-contact employees.

These studies suggest that whether or not bank personnel perceive the services as being important for creating customer satisfaction will have a significant impact on the quality of services actually delivered and, in turn, impact actual customer satisfaction and banking performance. Therefore, the overall purpose of

this research is to examine how bank personnel perceive the banking services and also to investigate if demographic characteristics of personnel have any impact on bank service quality they offer in banks in Turkey, a developing country. Most previous studies dealing with bank service quality, bank performance, and benchmarking in banking have been conducted in the United States and Western Europe. While those studies have contributed to our understanding of these issues, little is known about the same issues in the developing countries. Moreover, it is possible that the demographic characteristics of the bank personnel could influence their perception of service quality offered to customers to the extent that this could lead to service quality differences. The results of this study could offer insights into bank personnel's perceptions of banking services and the potential impact of the personnel demographics in delivering high quality, highly satisfying customer service, and from the perspective of a developing country.

Overview of Banking Industry in Turkey

In Turkey, the banking industry, which has dominated the financial markets, has experienced several systematic crises since the late 1970s. In order to improve the banking system and to liberalize the repressed domestic financial system, Turkish authorities removed, or minimized many restrictions on domestic and external financial intermediation and gradually started to introduce free-market based reforms during the 1980s. These liberalization processes and the free-market reforms have brought several changes in the Turkish banking industry. The number of foreign banks in Turkey increased from 4 to 23, giving them a significant presence in Turkey (Kibritcioglu 2005). Also, a majority of the new private banks are owned by large Turkish conglomerates which use their banks to finance their other companies (Damar 2004). In 2004, there were over 48 private and state-owned banks with more than 6,106 branches (Pinar and Donmez 2005).

All of these recent changes in the Turkish banking industry have brought new significance to bank marketing. Banks have started paying more attention to marketing practices in order to successfully compete, especially with foreign banks. As Once (2000) shows in his study, marketing in the Turkish banking sector has gained significance since 1980. A number of new marketing tools such as CRM, Relationship Marketing, Database Marketing, automatic teller machines (ATMs), e-Marketing and Interactive Marketing are being used by many Turkish banks (Cobanoglu, Yener and Sipahi 2005). Also, alternative banking channels via telephone, personal computer / Internet and POS were utilized by various banks starting in 1996 (Kanbir, Aydin and Nart 2003). Since late 1997, telephone banking services have become popular among Turkish consumers (Polatoglu and Ekin 2001).

Despite the late start in accepting and implementing these recent marketing techniques and other developments in the banking industry, Turkish banks have worked hard to become more customer-oriented and to be successful institutions in Turkey. This new orientation has become even more critical for all the banks in Turkey that are susceptible to today's increased global competition and dynamic economic forces. After the 2001 economic crisis, which lasted for about five years, the Turkish banking industry has just started recovering and growing again in 2006. This recovery and growth is also reflected by the recent growth of foreign banks from 2 percent in 2001 to 13 percent in 2005. Several European banks have already tapped into opportunities in the local banking market by purchasing stakes in Turkish banks (Green 2005). For example, Fortis Bank purchased a stake in Disbank in the summer of 2005 (now called Fortis Bank), and General Electric Co. bought a minority stake in Turkey's third largest bank, Garanti Bank, which is a full service consumer and commercial bank with 405 branches and 10,805 employees (Kranhold 2005). All these changes have increased competition among domestic and foreign banks (Yayla, Kaya and Erkmen 2005).

These developments in the Turkish banking industry seem to have improved the quality of services the banks provide to their customers. Recently, Global Finance (Green 2005) selected the best banks in five areas/sectors. These banks are: 1. Best Commercial Bank in Corporate Services: Akbank, 2. Best commercial Bank in Retail Services: GarantiBank, 3. Best Bank in Credit Card lending: Yapi ve Kredi Bankasi, 4. Best Foreign Bank: Citibank, and 5. Best Investment/Securities Bank: Oyak Bank. The criteria used to determine the winners included an objective and subjective mix of assets, profitability, strategic and expanding relationships, customer service, innovation and management savvy. It seems that the entry of foreign banks has increased stability and efficiency as well as improved the quality of financial services in the Turkish banking industry. Moreover, the foreign banks have transferred and introduced new processes such as credit scoring methods and technology (Yayla et al. 2005). The entry of foreign banks which resulted from a stronger Turkish economy and improved banking regulations has had a positive effect on the Turkish banking industry.

Service Quality

Service quality and its measurement have become an important research topic because of its apparent relationship to cost (Crosby 1979), profitability (Buzzell and Gale 1987; Rust and Zahorik 1993), customer satisfaction (Bolton and Drew 1991), and customer retention (Reichheld and Sasser 1990). Service quality indeed is regarded as a driver of corporate marketing and financial performance (Buttle 1996). A sound measure of service quality is necessary for identifying the aspects of service needing performance improvement, assessing how much improvement is needed on each aspect, and evaluating the impact of improvement efforts. The evaluation of quality for services is more complex than for products because of their intrinsic nature of heterogeneity, inseparability of production and consumption, perishability and intangibility

(Frochot and Hughes 2000; Zeithaml, Bitner and Gremler 2006).

Since service quality is an elusive concept, there is considerable debate in the relevant literature about how best to conceptualize this phenomenon. Though an all-embracing definition of service quality is not possible yet, definitions of service quality proposed by researchers revolve around the idea that it is the result of the comparison of customers' expectations about a service and their perceptions of the way the service has been performed (Grönroos 1984; Lewis and Booms 1983; Parasuraman, Zeithaml and Berry 1985; 1988). Based on this definition, the SERVQUAL as a multi-item scale gap model was developed by Parasuraman et al. (1985; 1988) which conceptualizes and measures elements of service that are evaluated by customers in assessing service quality. According to SERVQUAL conceptualization, service quality can be assessed on five dimensions of tangibles, reliability, responsiveness, assurance, and empathy with a total of 22 scale items. The scale is founded upon the view that the customer's assessment of service quality can be conceptualized as a gap between customer expectation and his/her perception of the delivered service. Without a doubt, SERVQUAL has had a significant influence on academic and business communities. However, the scale has been challenged by a number of subsequent empirical studies dealing with service quality (Babakus and Boller 1992; Carmen 1990; Gagliano and Hathcote 1994; Lee 2005).

The assumption underlying the service gap is that dissatisfaction will result if expectations are not met. In banking, customers come to the bank with certain expectations or assumptions of what their banking experience will be like as they go through the banking transaction. While exceeding these expectations is likely to result in a high level of satisfaction, loyalty and recommendation, falling short of those expectations could adversely affect the customer satisfaction, and ultimately retention and loyalty. Individual firms have discovered

that increasing levels of customer satisfaction can be linked to customer loyalty and profits (Heskett, Sasser and Schlesinger 1997), which indicates a relationship between customer satisfaction and customer loyalty. This relationship is particularly strong when customers are very satisfied, as the research showed in the Xerox experience (Menezes and Serbis 1991). Also, Enterprise Rent-A-Car learned through its research that customers who gave the highest rating to their rental experience were three times more likely to rent again than were those who gave the company the second-highest rating (Reichheld 2003). These findings indicate clear linkages have been drawn between customer satisfaction, loyalty, and firm profitability (Zeithaml et al., 2006).

Role of Personnel in Service Organization

Personnel in all service organizations (large or small) serve as boundary - spanners and perform the role of part - time marketers (Gummesson 2001). Specifically, the front line (or contact) personnel play a significant role as part-time marketers. It should also be noted that the activities of these contact personnel can be important in creating an image of a service organization which can influence target customers' perception of an organization.

In improving quality in the service sector, the importance attached to personnel has been increasing. Personnel planning assume much greater importance in the banking services, as in most of the services, where personnel have a high level of contact with customers. Therefore, it is essential that service organization clearly specify what is expected from personnel in their interaction with customers (Palmer 2007).

Palmer (2007) suggests that personnel who have front line encounters with customers should be trained to treat these encounters as promotional opportunities. Palmer (2007) points out that training might seek to develop a number of skills in front-line personnel such as:

- a) Developing ability to spot cross-selling possibilities for front-line personnel: A Bank clerk who sees a customer repeatedly using a service that is not

adequately fulfilling his or her needs could be trained to try to sell another service which better meets the customer's needs. Training should make such personnel aware of services available and give them skills in approaching customers effectively and referring them on to appropriate personnel.

- b) Clearly defining sales responsibilities of the operational personnel: A bank clerk, for example, may be trained to encourage customers to deposit more money or use other investment tools which the bank offers.
- c) Promoting customer loyalty and referrals: Bank personnel's interaction with customers could be important for the customers to return and tell their friends about their good experience and/or pass on banking literature to their friends.

The importance of the above personnel skills for service quality and business performance is further magnified by intangibility and inseparability of services. Since personnel are the most visible aspect of the service organizations, they offer one of the first tangible opportunities regarding service quality and make a significant contribution in shaping the customers' first impressions about the service organization and development of the subsequent customer relationship. Inseparability of production and consumption of services leads to the service encounter (or moments of truth) when the customer interacts with the service provider. Anderson and Mittal (2000) claim that these service encounters (or moments of truth) are where promises are kept or broken and where the proverbial rubber meets the road – sometimes called the “real-time marketing.” Thus, it is in these service encounters that customers receive a snapshot of the organization's service quality, and each encounter contributes to the customer's overall satisfaction and willingness to do business with the organization again. Also, personnel make a significant contribution to the perception of overall service quality through interactive

marketing (Bitner 1995; Kotler 2002) and a creation of the service brand; in short, they represent the service organization and for some organizations, they are the business (Palmer and Cole 1995). Therefore, it seems reasonable to state that accurate employee understanding of the customer enables both employee and the firm to adjust appropriately to customer needs (Lovelock 1996). While previous research correlating customer and employees views of service is sparse and offers mixed conclusions, the study by Schneider and Bowen (1985) and Schneider et al. (1980) found high correlations ($r = .63$ and $r = .67$ respectively) between employee and customer attitudes about overall service quality in a bank setting.

Prior research emphasizes the critical importance of personnel for service quality during the service encounters (Bitner 1995; Anderson and Mittal 2000; Kotler 2002). However, these studies did not investigate if personnel characteristics could have any impact on the quality of service delivered to customers. It is possible that certain demographics of personnel (i.e., gender, age, education, etc.) could affect the service quality offered to consumers. For example, past studies found differences between women and men in the workplace regarding emotion and confidence (Fisk and Stevens 1993), stress in the work place (Babin and Boles 1998), in decision making (Powell and Ansic 1997), and aggressiveness and being autonomous (Hoffman and Hurst 1990). Lin, Chui and Hseih (2001) found that the relationship between personality and service quality is moderated by gender. A study by Pinar, Crouch and Rogers (2004) examined if the demographic characteristics of bank personnel influenced the importance of banking services offered to their customers. The results of their study found significant differences regarding the perceptions of banking services between managerial and contact personnel, male and female personnel, and part-time and full-time personnel. For example, female personnel perceive focusing on customers as they enter the bank and greeting them is significantly more important than the perception of male

personnel; full-time personnel perceive giving attentive service and closing significantly to be more important than part-time personnel, and managerial personnel perceive greeting and cross selling to be more important than contact personnel. These results suggest that the personal characteristics could have a significant effect on (bank) service quality and customer satisfaction that ultimately impact the overall performance.

Objectives of the Study

Previous studies examined customers' perceptions of bank services and attempted to identify the changing target market needs and preferences to better serve these customers. However, in order to better serve their target customers, banks must also know the perceptions of their personnel regarding the relative importance of bank services in providing high quality, highly satisfying service. As stated before, the overall aim of this paper is to examine the bank personnel's perceptions of the services offered by the banks to their customers. The specific objectives of the study are: (1) to examine the perceptions of the bank personnel regarding the importance of the bank services offered to customers; (2) to compare the personnel perceptions of bank services by selective demographics of bank personnel; and (3) to discuss the implications of the results for service quality and provide managerial recommendations for long-term strategy and competitiveness. Since most bank services are offered by bank personnel, banks must examine how their personnel perceive these services and activities that they offer to their customers. Whether or not bank personnel perceive the services as being important for customer satisfaction may have a significant impact on the quality of services actually delivered; and, in turn, impact actual customer satisfaction and banking performance. Also, examining the bank service quality by demographic characteristics of the bank personnel may provide some valuable information for the bank managers to improve the service quality. Finally, since this study is conducted with Turkish banks, the results could

provide some insights into the personnel perceptions of the banking services in a developing country.

METHODOLOGY

To examine the personnel's perception regarding the importance of the banking services for customer satisfaction, a survey instrument was designed and administered to the personnel at the banks and/or their branches that participated in the study in two major cities of Turkey. While the SERVQUAL (Parasuraman et al. 1985; 1988) is one of the most commonly used scales to measure service quality, we developed a new scale in order to measure the specific services offered by the banks as customers complete their banking transactions. As service quality plays an important role for customer satisfaction (Best 2004; Kotler and Keller 2006; Zeithaml et al. 2006), and personnel play an important role in delivering the "promised" services to customers (Kotler and Keller 2005; Zeithaml et al. 2006), banks must evaluate their personnel's perceptions of these services for offering high quality service and creating customer satisfaction. Moreover, given that customer satisfaction is an excellent market-based performance metric and barometer of future revenues and profits (Best 2004), the above scale could be valuable for banks to identify the weak service areas to increase customer satisfaction, and in turn, improve their performance.

In developing the survey instrument, we utilized the previous research and literature reviews (Lathim 2001; Lubin 2001) and previous mystery shopper studies (Pinar, Taylor and Crouch 2003; Pinar and Eser 2007). Lubin's (2001) study suggests the quality of bank services usually experienced by customers should include the following key areas: customer banking transaction/experience of greeting customers, building rapport, needs discovery, product availability, presentation of how products meet needs, and the effectiveness of closing. The survey instrument developed for this study was broad enough to cover the entire

"cycle" of the customer banking experience and includes the following seven sections: (1) greeting customers with a smile in a timely manner; (2) building good rapport; (3) giving attentive service with sincerity and eagerness; (4) determining the customer's needs by asking questions and listening; (5) presenting with enthusiasm and good product knowledge; (6) offering other products for cross-selling; and (7) completing with an effective closing.

The survey instrument covered each of the above mentioned sections of bank services. Three bank managers, as experts in the banking industry, were asked to evaluate each item for its consistency with each part of the above seven sections regarding the customers' banking experience and, if needed, suggest improvements and additional items for inclusion. Based on the bank managers' suggestions, the items that had a high consistency with the sections of consumers' banking experiences were included in the survey instrument. This process, which improved the internal consistency of the scale items (Churchill 1979; Narver and Slater 1990), produced a list of items (or statements) for measuring each of the seven sections. These items were also submitted to two academicians who are experts on developing measurement scales for further refinement of the scale items. Based on these procedures, the final measurement instrument included a total of 39 scale items (A complete list of scale items can be obtained from the contact author). Responses to these items were measured on a 5-point Likert type scale with 1 = least important and 5 = most important. In order to avoid response biases, the items were not measured as very unimportant to very important, rather, they were measured as least important to most important. This scale suggests that all the measurement items were important, but some items might be more important than other items.

Since the survey instrument was originally developed in English, it was translated into Turkish, and then it was later back-translated into English to avoid translation errors (Ball,

McMulloch, Frantz, Geringer and Minor 2002) and to make sure that the intended meanings of the questions were maintained. The Turkish version of the instrument was also pre-tested with several faculty members in order to assure the appropriateness and consistency of the scale items. In addition, as recommended (Zikmund 2003), the survey instrument was pre-tested with 15 bank personnel to further assure that the Turkish version of survey questions were clear and were not confusing. Based on the feedback of these pretests, the instrument was further improved and refined.

The survey instrument also included several demographic questions. Respondents were asked their gender; how long they had worked in the banking industry and in their current bank; whether their position was clerical, teller or loan officer vs. supervisor or managerial; their level of education, and the extent of their internal and external training. These factors were used for profiling respondents and comparing the responses.

The survey was conducted in two major cities of Turkey (Ankara and Izmir). Several banks / bank branches were contacted in both cities and their managers were asked to participate in the survey. It is unfortunate that some of the banks refused to participate in this study. Since some banks are state (government) owned, and others are private (Turkish) and foreign owned, an attempt was made to include state, private, and foreign banks in order to compare the banking service perceptions of their personnel. A total of 17 banks/branches (3 state owned banks, 3 foreign banks, and 11 private banks) accepted the offer to participate in the survey. The survey instrument containing the measurement scales and questions regarding respondent characteristics was administered to all personnel at the participating banks/branches. In order to increase the response rate, the bank/branch managers' cooperation and support was requested. Each bank employee received the survey instrument. In order to preserve their anonymity, each was asked to put the completed survey into an envelope. A total of 427 useable surveys were returned for analysis,

and of these 427 surveys, 109 surveys are from 3 state owned banks, 47 surveys from 3 foreign banks, and 271 surveys from 11 private banks.

Respondent Profiles

The selected profiles of the respondents show that the majority of the personnel are female (69.7 percent) and 30.3 percent are male; 28.0 percent of the personnel hold supervisory or managerial positions, and the rest (72.0 percent) hold clerical, teller, or loan officer positions. Concerning education level, a small percent of the bank personnel (17.1 percent) have high school degrees, a vast majority (73.9 percent) has college or university degrees, and only 9.0 percent have graduate degrees. On average, the respondents are 32.4 years old, have 9.3 years of work experience in the banking industry, and 7.5 years of experience at their current bank. Also, respondents indicated that they had an average of 89.3 hours of internal training and 18.1 hours of external training during the past 5 years.

RESULTS

Overall Perceptions

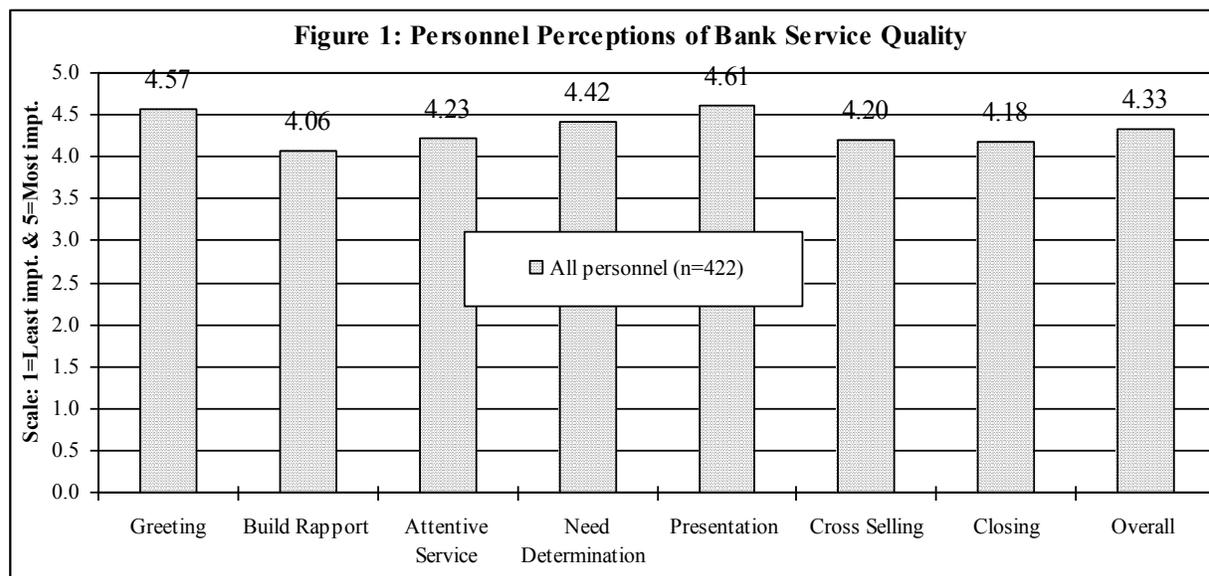
The first objective of the study was to examine the perceptions of bank personnel regarding the services they provide to customers. In order to accomplish this objective, the survey instrument contained seven sections covering banking services that customers experience from the time they enter the bank until they leave the bank after completing their transaction(s). From now on, these sections will be referred to as customer bank experience factors, or just "factors". Personnel at participating banks were asked to evaluate how important they perceived each of the items/statements in these factors to be in delivering high quality, highly satisfying customer service. The item scores in each factor or part were averaged to obtain the mean scores for each factor. A reliability analysis was conducted in order to examine the consistency of the items in each of the banking service factors. Cronbach's alpha coefficients are .700

for greeting, .726 for building rapport, .711 for giving attentive service, .794 for need determinations, .763 for presentation, .776 for cross selling, and .830 for closing. The coefficients for all factors are above the recommended threshold level of .70 for an exploratory study (Nunnally 1978, p. 245), which reflects a high level of consistency among the scale items in each factor. The high Cronbach alpha coefficients suggest reliability of the items used for measuring all seven bank service factors.

The overall mean and the means for each factor are presented in Figure 1. The overall mean perception of 4.33 out of a possible 5 suggests that bank personnel perceive all banking service factors to be fairly important in providing high quality, highly satisfying service. The means for each factor range from a low of 4.06 for building rapport to a high of 4.61 for presentation. These results suggest that the bank personnel seem to consider these bank services "important" or close to "very important". Of all the factors, the bank personnel consider "presentation" the most important factor (mean of 4.61), followed by "greeting" (mean of 4.57), "need determination" (mean of 4.42), "attentive service" (mean of 4.23), "cross selling" (mean of 4.20), "closing" (mean of 4.18) and "build

rapport" (mean of 4.06). The lowest score for "building rapport" might suggest that the bank personnel may think that "customers come to the bank to take care of their business"; thus, the bank personnel may assume that building a rapport may not be considered important for high quality, highly satisfying customer service.

In order to gain a better perspective regarding the relative importance of each factor, these factors are compared to the overall mean, which serves as a benchmark or reference. Comparisons of the factor means to the overall mean show that three of the factors, "presentation", "need determination" and "greeting", are higher than average. The higher means suggest that bank personnel may perceive these factors as being more important for high quality, highly satisfying service than the other factors. The means for the other four factors are lower than the overall mean. Of these four factors, "building rapport", "closing" and "cross selling" are considerably lower than the overall mean, which indicate that the bank personnel do not perceive these factors to be very important for high quality, highly satisfying service. The low scores for these factors might point out the current weak and/or deficient service areas where banks need to take corrective actions and train their personnel for delivering high quality, highly satisfying



service. For example, since "building a good rapport" and "closing" are the weakest factors, they might offer the most opportunity for improvement. Even though cross selling is one of the weak areas, Turkish banks have many different products and services to offer to their customers and bank personnel might have not perceived this factor as being very important for delivering high quality customer service.

It is interesting to note that "greeting" seems to be perceived as important for giving high quality service, whereas "building rapport" is less important; this may imply that bank personnel assume that "greeting" is part of "building rapport" and could be sufficient for "building good rapport". Given the importance of "building good rapport" in customer relations, the bank managers might address this issue. These comparisons show that the overall average score, serving as a benchmark, gives the bank managers an excellent opportunity to identify the "weakest" or "right" areas that may impact customer satisfaction and their banks' competitive advantage in the market.

It could be argued that when time is a constraint, bank personnel differentiate between what is necessary, what they must do, and what is optional or value added if time permits. Greeting the customer, determining their needs and presenting the product are necessary and, therefore, important. Building rapport, giving attentive service, cross-selling and closing are not absolutely necessary to the completion of the transaction. These could be viewed as optional and not as important. If this is true, perhaps time is the culprit and scheduling changes to allow for more time to be spent with customers may be necessary for improvements in customer service. When personnel are under time constraints, they may view the importance of their tasks from a different perspective. Additional training would also be helpful in this case.

Effects of Demographic Characteristics on Bank Service Quality

The second objective of the study was to compare perceptions of bank services by selected demographic characteristics. The goal is to investigate if bank personnel with different demographic backgrounds differ in their perceptions regarding the importance of the bank services for high quality, highly satisfied customers. The data was collected by differentiating respondents by personnel position (managerial vs. contact), gender, education, and age. The differences in the perceptions of service quality may have an impact on the quality of service delivered in each of these service factors. This could provide the bank managers an opportunity to improve the "weak or problem" areas of bank services that could be associated with demographic characteristics of the bank personnel.

Comparing Contact vs. Managerial Personnel

A study compared the perceptions of the front line or contact personnel (clerical, teller, and cashier) to those of managerial (supervisors or managerial) personnel regarding the importance of these factors for giving high quality, highly satisfying service. The results are presented in Figure 2. Overall, the managerial personnel (mean of 4.39) perceive these factors to be more important in providing high quality, highly satisfying service than do contact personnel (mean of 4.30) ($p < .05$). As for the individual factors, higher means for managerial personnel on *all* factors indicate that managerial personnel perceive these banking service factors to be more important than do contact personnel. Other than "presentation" and "cross selling" which are not statistically different, the mean comparisons are statistically significant for "greeting" ($p < .05$), "building rapport" ($p < .01$), "attentive service" ($p < .10$), and "closing" ($p < .01$). The significant differences between the perceptions of managers and contact personnel could be a potential source of a problem for bank service quality delivered to

the customer. Even though managers believe that these factors are important for high quality service, if the contact personnel do not perceive them as being important, there could be serious service quality problems.

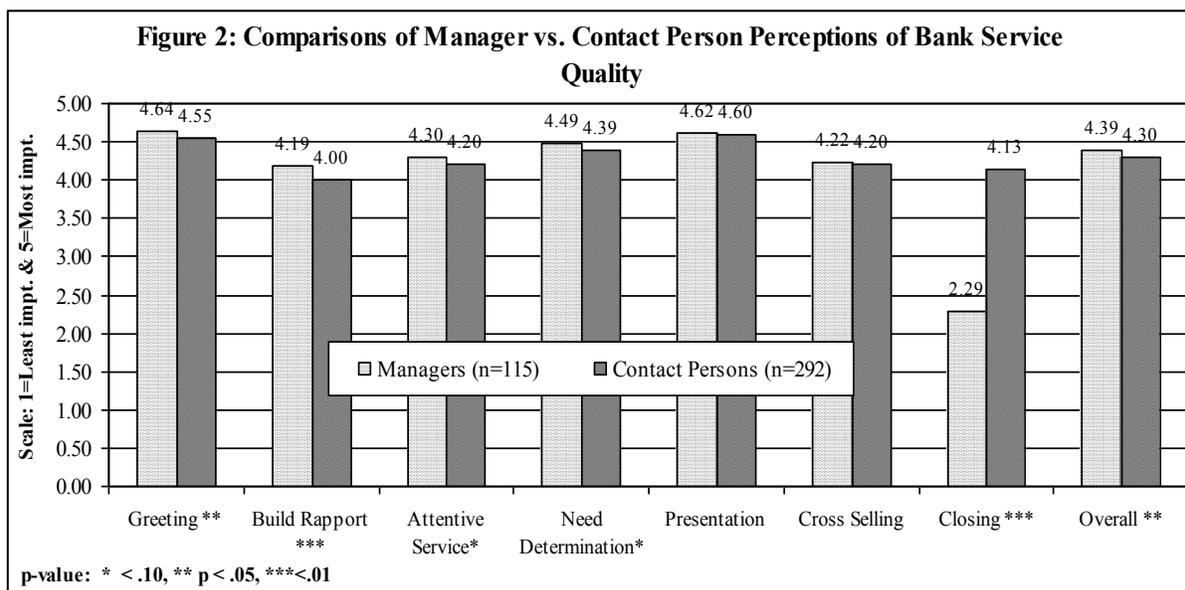
If we again consider time constraints on the contact personnel's ability to fully service the customer, it makes sense that contact personnel would have a different perspective than their managers. This is particularly evident for the factors "building rapport" and "closing" which represent the largest difference in importance ratings. These two factors may be considered optional tasks when contact personnel are running out of time, but very important when managers view the scenario without time constraints.

Effects of Gender on Perception

Figure 3 compares the perceptions of male and female personnel. Overall, female personnel perceive these factors as being significantly more important (mean of 4.36) than male personnel (mean of 4.21) ($p < .05$). The comparisons of the individual factors in Figure 3 show that female personnel perceive

"greeting", "attentive service", "need determinations", "presentation", and "closing" as being significantly more important than male personnel do for delivering high quality, highly satisfying service. These findings indicate that female personnel place more importance on first impressions by focusing on consumers and greeting them properly when customers enter the bank, giving attentive service, determining customers' needs, giving a good presentation, and successfully completing the presentation. It is interesting that the female and male perspective is so different. Is this a function of characteristics specific to females or is there another explanation? Whatever the reason, since these factors are critical for the success of the bank, male personnel may require further training in these weak areas.

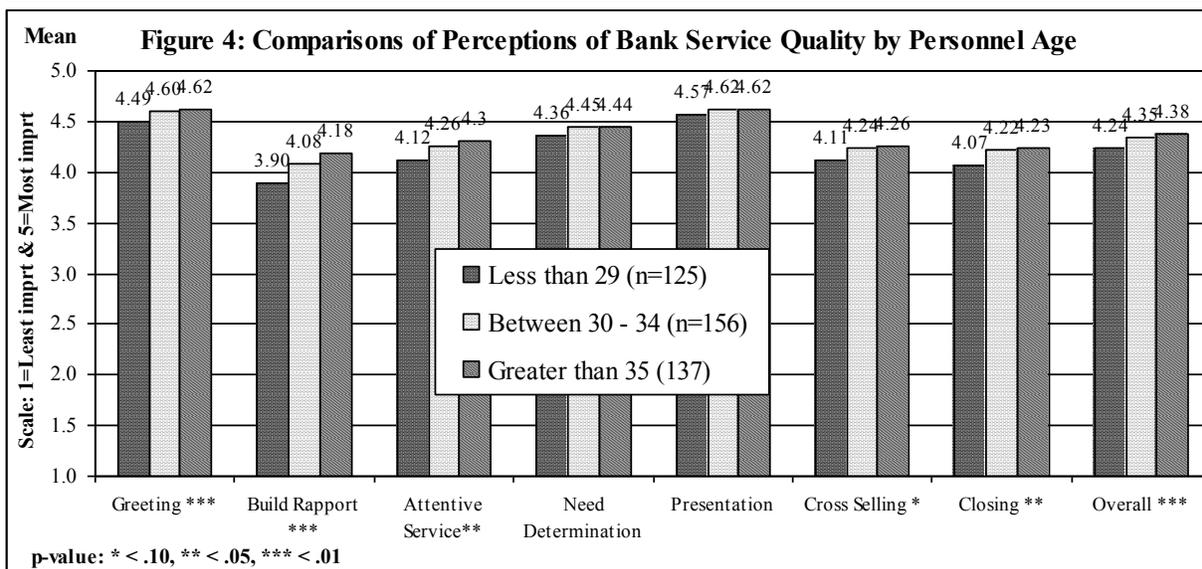
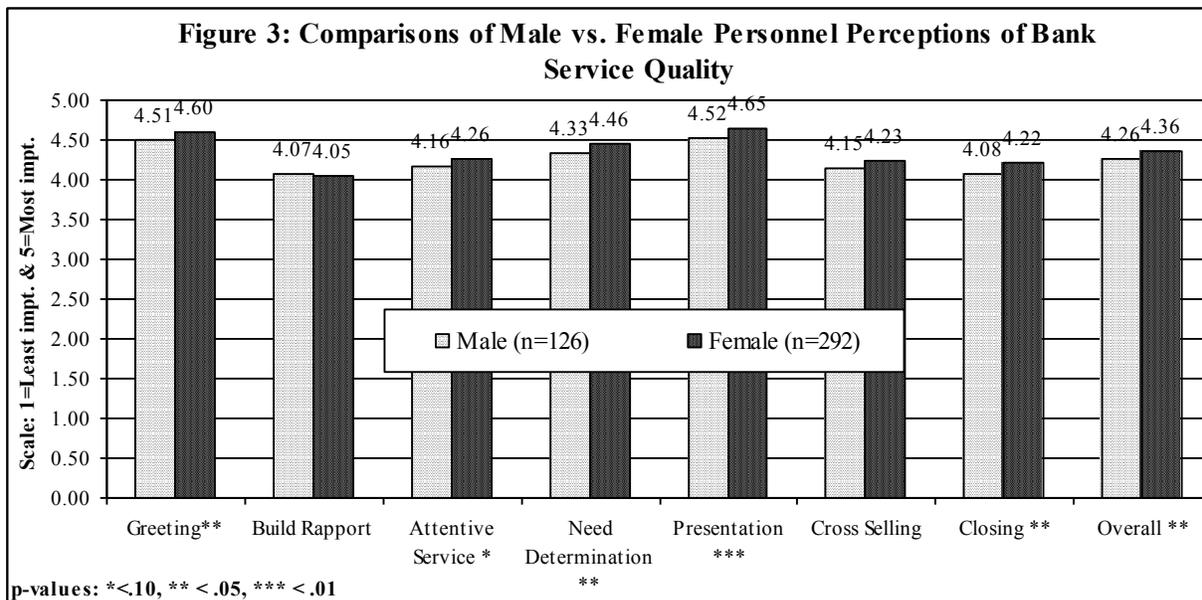
There are no significant differences between the perceptions of male and female personnel for "building rapport" and "cross selling". However, since both genders have the lowest mean scores for these service factors, and given the importance of building a good rapport for long-term successful customer relations, banks may have to train their male and female personnel in this area.



Impact of Personnel Age on Service Quality

The study also examined whether the age of the personnel impacted the perceptions of importance of the factors for delivering high quality bank services. The bank personnel were divided into three age groups, each representing one third of the respondents. This produced three age groups of (1) 29 years of old or less, (2) between the ages of 30 and 34 years old, and 35 years old or older. The underlying logic for this grouping is to use age as a proxy for experience and maturity where the first group could be considered as less experienced/

mature, the second group as mid-level experienced/mature, and the third group as being the most experienced/mature. The results of the one-way ANOVA for overall score and each service factor by the three age groups are presented in Figure 4. The table shows significant differences in overall perceptions among the three age groups ($p < .05$). The pairwise comparisons of the overall means for the age groups (not presented here) found significant differences between age groups of 29 years old or less and 30-34 years old ($p < .05$), and 29 years old or less and 35 years old



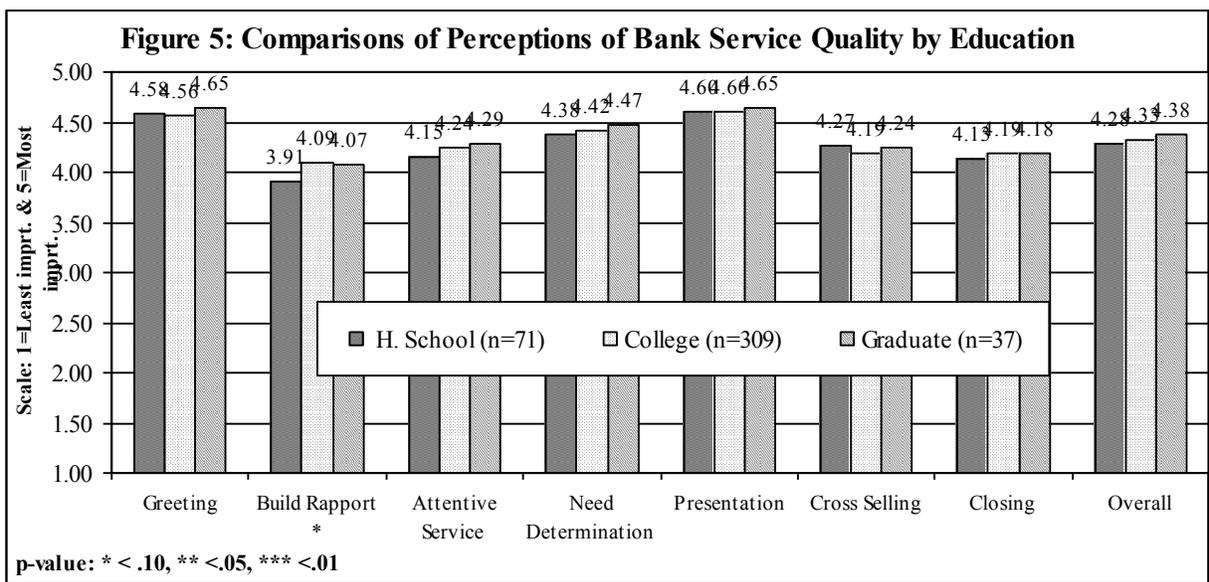
and older ($p < .01$). These results suggest that the age of personnel seems to impact the perceptions of bank service quality. Since the mean score for less than 29 year olds is lower than those of the two other age groups, the young and/or new personnel may not realize and/or were not trained in the importance of these service factors as much as the other two groups in delivering high quality, highly satisfying bank service.

Individual factors with significant differences based on age include "greeting" ($p < .10$), "building rapport" ($P < .01$), "attentive service" ($p < .05$), "cross selling" ($p < .10$), and "closing" ($p < .05$). These results suggest differences in the perceptions of the three age groups regarding the importance of these factors for high quality, highly satisfying bank services. The pair-wise comparisons (not presented) show significant differences between age groups of 29 years old or less and the other two older age groups, where significance varied from $p < .10$ to $p < .01$. This is similar to the overall results. The comparisons are not significant between the age groups of 30-34 years olds and 35 years old and older ($p > .10$). It is important to note that the mean scores for less than 29 year olds are consistently lower than those of the two other age groups for all bank service factors. These results indicate that

age (or experience/maturity) of the personnel does seem to influence the perceptions of the importance of these bank service factors in delivering high quality, highly satisfying bank services. Two of the factors, "need determination" and "presentation", are not statistically different based on age ($p > .10$). This suggests that the age of the personnel does not impact the perception of bank service quality in terms of need determination or presentation. All these findings could have some important managerial implications for training the bank personnel that could improve the quality of banking services.

Impact of Personnel Education on Service Quality

In addition, the study examined the effects of personnel education on perception of bank service quality and the results are presented in Figure 5. The one-way ANOVA showed only one factor, "building rapport", to be significantly different based on education ($p < .10$). This suggests that other than in one case, bank personnel regardless of their educational level, have a similar perception regarding the importance of these bank factors in delivering high quality, highly satisfying service. The pair-wise comparisons of the three education groups found a significant difference between the bank



personnel with high school education and with college education ($p < .05$). The other comparisons were not significant. This suggests that other than in one case bank personnel regardless of their education level have a similar perception regarding the importance of these bank factors in delivering high quality, highly satisfying service.

CONCLUSION AND LIMITATIONS

The overall results of this study show that the personnel at the participating Turkish banks generally consider all the banking services or factors fairly important (overall mean of 4.33 out of 5.00) in providing high quality, highly satisfying services. Regarding the individual factors, personnel at all banks collectively perceive that presentation, greeting customers as they enter the bank, and determining customer needs are the most important factors in providing quality banking services. The results indicate that bank personnel consider building rapport, giving attentive service, cross selling and closing as being less important for high quality service. These findings suggest that those banking service areas could be considered as deficiencies or weaknesses that need to be improved for better performance. This is especially critical for bank's success, given the importance of service quality for customer satisfaction (Bolton and Drew 1991), customer retention (Reichheld and Sasser 1990), and the link between customer loyalty and profits (Heskett et al. 1997).

The study found a difference between the perception of managerial personnel and contact personnel. The differences are significant for overall perception, as well as for all factors, except presentation and cross selling. These results suggest that the managerial personnel consider these factors more important than the contact personnel do for providing high quality, highly satisfying banking services. As suggested by Parasuraman et al. (1985) and Zeithaml et al. (2006), these discrepancies or "provider gaps", if not taken care of, might become a serious problem for the performance of the banks. As a short-term solution to close

these gaps, the bank management might communicate and/or explain the importance of these factors or banking services to their contact personnel for customer satisfaction and better bank performance. In the long-run, banks could train their personnel on these deficient service areas and/or recruit more customer oriented personnel.

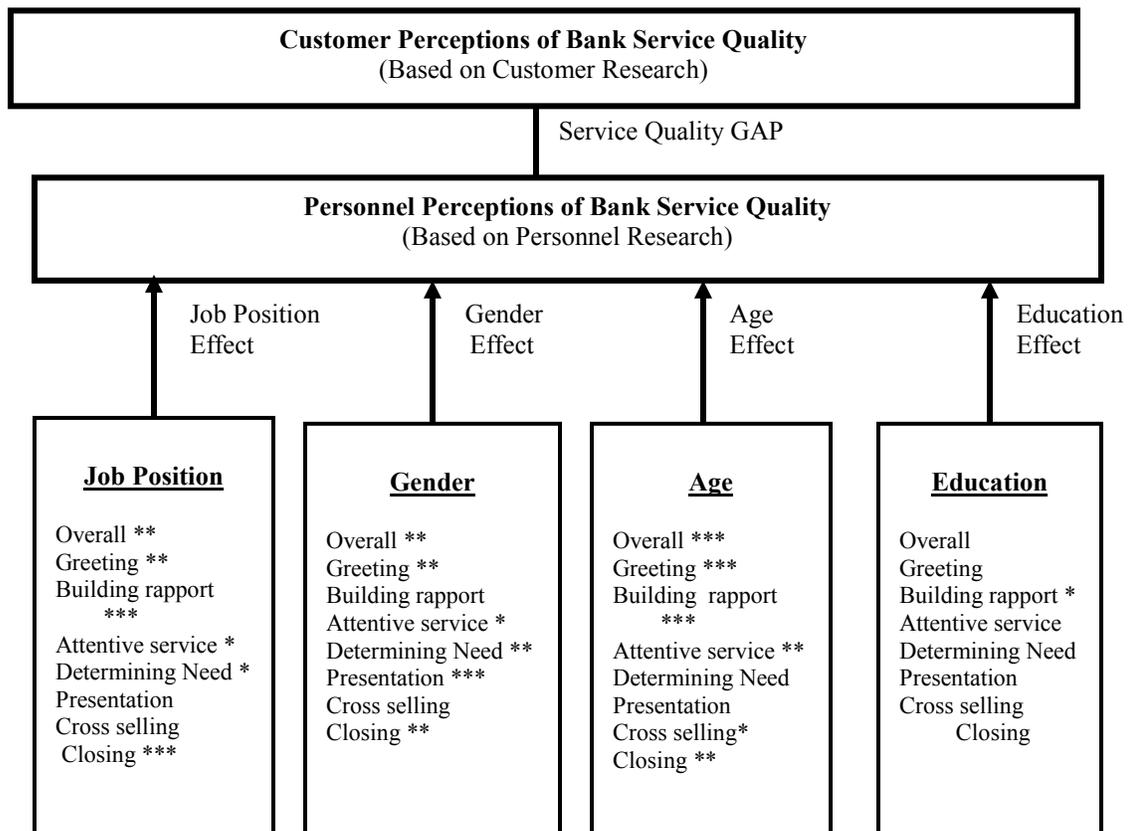
Time constraints could be part of the problem by causing contact personnel to value task oriented factors as more important than value added services. If they don't have sufficient time to close properly or develop rapport, they may consider these factors as less important than the greeting or presentation. Contact personnel must have sufficient time to provide a complete package of customer service including all of the seven factors analyzed in this study. Since contact personnel serve as boundary - spanners and perform the role of part - time marketers (Gummesson 2001), Palmer (2007) suggests that they should be trained to develop skills needed to take advantage of the customer encounters as promotional opportunities.

The comparisons of the means indicate significant differences between the perceptions of the males and females regarding all of the banks services except building rapport and cross selling. Specifically, the results show that the mean scores for female personnel are significantly higher than those of male personnel for service factors of greeting, giving attentive service, need determination, presentation, and closing, as well as overall service quality. These findings suggest that whether the banks hire male or female personnel, it makes a difference in providing high quality, highly satisfying customer service. In this regard, banks may have to review their hiring decisions and better train their male personnel in order to offer better service. This is especially critical for male contact personnel who deliver the banking services. Concerning the age of personnel, those who are younger than 29 years old seem to place less importance on these service factors in offering high quality,

highly satisfying service. The implications of these findings are that (1) recently hired personnel may not appear to understand the importance of these factors for providing high quality, highly satisfying service, (2) they may have not received proper training regarding the importance of these factors for bank service quality, and (3) older personnel may have learned the importance of these factors for service quality through their experience over time. Finally, since the study found no significant differences among the educational levels for all but one bank service factor, it seems that education does not affect perceptions of customer service by bank personnel. This is also apparent from consistently high service factor means for all education groups.

The potential impact of the bank personnel characteristics on bank service quality is presented in Figure 6 as service quality GAP. Unlike the GAP model presented by Parasuaman et al. (1985), we define service quality GAP as the difference between the customer perception of bank service quality and personnel perception of bank service quality. The definition in our framework indicates that there could be a service quality difference (or GAP) between the quality of bank services customers perceive they are getting and the quality of bank services personnel think they are offering. Such a discrepancy or GAP could have significant consequences for customer satisfaction, customer loyalty and ultimately for firm (bank) performance. The results presented earlier show that personnel at all banks collectively perceive that building rapport,

Figure 6: Potential Impact of Personnel Demographic Characteristics on Bank Service Quality



p-values: * p < .10, **p < .05, ***p < .01

giving attentive service, cross selling and closing as being less important for giving high quality service than greeting customers, determining customer need, and giving presentation. There is no doubt that these perceptions would be reflected by the service quality received by customers.

The framework we present in Figure 6 suggests that the demographic characteristics of the bank personnel may contribute to these quality perceptions. Specifically, we propose that the personnel position (managerial vs. contact persons), their gender, age, and education level of the bank personnel job position could have an impact on the service quality delivered. As shown in Figure 6, the effects of these demographic factors are labeled as *job position effect*, *gender effect*, *age effect*, and *education effect*. The results of our study found a significant difference between the perceptions of contact personnel and managerial personnel for overall service quality, as well as for greeting, building rapport, attentive service, need determination, and closing, where managerial personnel perceived these factors as being more important than contact personnel. These perceptual differences, labeled as "*job position effect*", could have a significant impact on the service quality delivered to customers because contact personnel do not perceive these factors as being as important as do managerial personnel; thus, they may not pay enough attention to these factors. Also, managerial personnel may be promising more about these factors through external marketing, leading to a service quality GAP between what customers are promised and what they received.

As presented earlier, the comparisons of perceptions of male vs. female bank personnel found a significant difference between the two genders for overall, greeting, attentive service, need determination, presentation, and closing. These differences, labeled as "*gender effect*", could cause a difference in service quality offered to customers. Since results indicate that female personnel believe more strongly than male personnel do in the importance of these factors for delivering high quality banking

services, these differences in perceptions could impact the quality of service received by customers. Similarly, the age of the personnel had a significant impact on the perceived importance of the service quality for overall perception, as well as greeting, building rapport, attentive service, cross-selling, and closing. These findings suggest that these differences among age groups, labeled as "*age effect*", could lead to a different quality of services offered to customers. Finally, the study showed that the education level of the personnel, labeled as "*education effect*", does not seem to have a significant effect on bank service quality offered to customers, except in building rapport.

Because of the intangibility and inseparability of services (Zeithaml et al. 2006), personnel, especially contact personnel, at service organizations play a critical role in delivering the quality of service expected by customers. Moreover, the framework presented in Figure 6 suggests that the demographic characteristics of personnel's position, gender, age and education could have a significant impact on the service quality delivered by banks. The implications of the findings in Figure 6 are: 1.) banks must understand not only the perceptions of all bank personnel together, they must also examine the potential effects of demographic characteristics of the personnel on bank service quality offered to the customers. 2.) The framework suggests that differences between the customer's perception and the personnel's perception of the banking service could lead to a service quality GAP. In order to close this GAP, banks must understand service quality from the perspectives of both the customers and the bank personnel. This point is also supported in prior research by the high correlation between employee and customer attitudes about overall service quality in a bank setting (Schneider and Bowen 1985; Schneider et al. 1980). Also, as presented in Figure 6, since personnel demographic characteristics could impact the service quality offered, managers must work on eliminating the potential effects of these demographic factors on bank service quality. In

doing so, they could reduce the service quality GAP.

While this exploratory study provided very useful insights into the perceptions of bank personnel regarding the services offered by Turkish banks, the study has a number of limitations. Therefore, caution should be exercised when interpreting the findings. One limitation is that the study was conducted in only two cities. Including banks/branches from more cities could improve the generalizability of the findings. Another limitation is the number of banks/branches participating in the study, resulting from unwillingness of the banks that were contacted to participate. While the results are important and valid, more banks/branches in more cities could have further strengthened the results of the study. The final limitation is that the scale developed for this study needs to be replicated in different countries with a larger number of banks/branches to determine if the scale and analyses are universal or specific only to Turkey.

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