

**COMMITMENT TO QUALITY, CUSTOMER SATISFACTION,
AND THEIR RELATIONSHIP TO MARKET PERFORMANCE**

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Abstract

Commitment to Quality, Customer Satisfaction, and their Relationship to Market Performance

Bonnie Feigenbaum

The focus of this project was to relate the internal management practices of service firms to external marketing outcomes in the form of particular customer behaviours. The major objective was to reconcile previous inconsistent findings on the relationship between manager's attitudes, their affect on employee attitude, and profitability. The secondary objective was to improve on the methodology used in earlier studies and examine ways in which satisfied customers choose to 'reward' the service firm if indeed they do so. In this study we examined a financial institution and measured customer retention, loyalty, and market penetration as opposed to previous studies which have focused largely on management issues without taking into consideration how the customer's perception of service quality relates to their behaviour.

Triadic data from the branch management, employees, and the bank were used to directly measure leadership behaviour, and its effects on market performance. The data was collected from twenty-five Canadian chartered bank branches in the form of two questionnaires and branch statistics covering the branch profiles and success factors. Data from the aforementioned sources will be collected and analysed in order to test a conceptual model developed integrating past literature in management and marketing on service quality, customer satisfaction, and profitability.

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SECTION I

INTRODUCTION TO THE STUDY

Introduction

Customer service has become the buzz word for businesses in the nineties. Executives and upper management would like to believe that their companies and employees are dedicated to giving the best possible service to their clients. However, most of the time, just lip service is paid to this ideology. It takes a lot of time, dedication, and resources to create and maintain a “customer first” culture in the workplace. Head office management must really believe in the notion and pass this belief on to unit management in order to make it seen and felt throughout the organisation.

Constant research along with monitoring systems must be maintained to ensure that the company's products and services match their target customers' needs. Employees must be trained properly in order to be able to give the best possible service. They need to be empowered with decision-making responsibility and given all current information so that they are able to recognise customers' needs and serve their clients as completely as possible. As well, work units must be organised so that efficiency is at the highest possible level. Marketing and Human Resource Planning must work in tandem in order to guarantee the customers and the employees that customer service is the priority.

In fact, this “customer first” concept needs to be felt at every level throughout the organisation. Head offices and back office employees must accept the reality that their 'customers' are the front line staff. This chain of service commitment must be explained to all to ensure that the customer service representative is able to obtain proper information, supplies, and support from the other departments, so the real money-bearing client is guaranteed to receive the quality service he is paying to receive.

Statement of the Problem

The importance of high quality customer service and the degree to which the company must invest in this ideology through training, human resource management and internal marketing has been well documented in the marketing literature. However, what is lacking in the present literature is an understanding of the impact of high quality customer service on economic and profitability measures. In this research, empirical data will be collected in an effort to support the belief that high quality customer service has a positive effect on unit profitability measures and to determine the importance of the unit manager's influence as a role model in delivering that high quality service.

Purpose of the Study

The main purpose of this study is to examine how customer loyalty and profitability are related to customer service. The secondary purpose is to investigate the relationship between managerial attitudes and the delivery of satisfactory service. This will be accomplished through a three-pronged effort.

1. Study the influence the unit management staff has on their employees in terms of providing high quality customer service.
2. Assess the relationship between management's and employees' self perception of the service quality delivered and the customers' assessment of the service quality received.
3. Ascertain which variable (management's perception of service quality, employees' perception of service quality, or customer satisfaction) is the best predictor of unit profitability.

Statement of Objectives

The objectives of this study are to determine the answers to the following research questions;

Objective #1

Does the unit management's customer service example correlate positively with the employee's service commitment?

Objective #2

Do customer satisfaction measures correlate positively with:

A: management's self-perception of service quality delivered?

B: employees' self-perception of service quality delivered?

Objective #3

Determine how the three respondent groups' perceptions of service (management, employees, or customers) correlate with each of the following success factors:

A: objectives attained;

B: revenue by employee;

C: profitability margin;

D: product sales;

E: cross sell ratio.

Significance of the Study

The present study enhances the marketing knowledge in theory as well as in practice. This project makes a significant academic contribution by attempting to provide 'scientific' proof for the literature's anecdotal theories. Furthermore, the study deals with the role of unit managers as customer service role models and their impact on profitability. In this way the important managerial implications for marketing practitioners are relevant for customer service managers and human resource trainers.

Booms and Bitner (1981) and Groonos (1983) have proposed organisational structures for service firms. However, they concentrated on head office reorganisation with the marketing department taking on a new role and using internal marketing as a potential motivational tool. Benjamin Schneider (1991) has explored and confirmed the intuitive correlation between the employees seeing their organisation as having a strong service orientation and the customers reporting more positive service experiences. However, he limits management's interaction with this process to their supervision and managerial behaviour. He does not study the unit management's influence as a leader and role model.

This study will attempt to continue along these lines and empirically confirm the importance of the management's customer service direction as the key influence on their subordinates' customer service commitment. This could be accomplished through interaction with employees as a service specialist and with clients as a role model for their subordinates. The extent to which this "customer first" concept affects the customer's perception of the quality of service he receives will then be examined. It is easy to give directives but if the manager really embodies the service quality concept and can convey it, the employees should be able to see this dedication as an example of the ideal work ethic and be motivated to serve their customers thoroughly and efficiently without reducing their speed or their technical accuracy.

In most service industries, the 'product' is the service encounter and it is 'consumed' far away from the head office in a branch or franchise office. Thus, the branch manager is analogous to the product manager when a service is involved. What is, therefore, important is how the manager or management team of each individual organisational unit deals with customer service. It is he who is the leader, role model, motivator, and teacher. A manager who believes in customer service above all, should be able to stimulate the same dedication in his staff. The important implications for management in this study will be in our following the cause and effect chain from manager's dedication to service, through employees' commitment to service, to the customer's reaction and actions towards this service quality, to success.

Reynere and Harker (1993) conducted a study that revealed that customer contact employees (Bank Tellers and Customer Service Representatives) can predict customers perceptions of many determinants of service quality. They are particularly accurate for service quality areas such as courtesy, responsiveness, and understanding their customer functions. They found that the transaction orientated tellers are credible predictors for reliability and that the customer service representatives for communications. These findings were consistent with Schneider's 1991 study. How the management of this particular organisational unit fits in influencing their employees' actions has not been studied. If organisational management would be able to predict the profitability of their units based on the service orientation of a potential unit manager, an extremely useful planning tool would be discovered.

An interesting yet unexplored issue is what the management team actually does to demonstrate their service orientation to their employees and to their customers. However, the most important management implication will be in uncovering whether or not all this extra service really has a positive impact on profitability. This is an especially important issue in service companies that are virtually the same on all technical aspects and rely on service to differentiate themselves to their customers.

Benjamin Schneider also examined the relationship between profitability and employee and customer attitude. He found that these aspects were not always related. However, he has determined that when excellent customer service is a driving organisational imperative, these positive attitudes will be positively reflected in the organisation's profitability. Therefore, as previously mentioned, a main objective of this study is to extend this positive relationship to the smaller unit organisation, to confirm this finding, and to expand it to include other success factors.

SECTION II

LITERATURE REVIEW

Introduction

Excellence in customer service can become a distinguishing feature of both products and services. Companies are beginning to realise the importance of having a customer service orientated organisation and academics are responding by supplying management with the marketing tools and measures to ensure results.

The marketing of service quality presents a real problem due to the difficulty companies have in convincing potential consumers to buy their service or product over another based solely on quality. In services, “doing it right the first time” is all the customer expects, so it is impossible to charge more for this feature. There are no easy methods to gauge service quality when dealing with intangibles and human interactions. Service quality is defined as “a measure of how well the service level delivered matches customers expectations.” Delivering quality service means accommodating the customers' expectations on an ongoing basis. Therefore, quality is dependent on customers' expectations and perceptions. Services marketing should be viewed as an ongoing relationship between the customer and the institution that strives to achieve mutual satisfaction, satisfaction for the client through appreciation of the service quality and for the company

through appreciation of its profitability. High service quality is a prerequisite for strong, lasting, mutually beneficial relationships between customer and company.

It is the customers who are the real decision makers of what is to be considered as quality because they already have service expectations from previous experiences and they always have several alternatives when selecting a product or service. Service quality from the marketing point of view is believed to have six sections (Zeithaml 1988): product definition, product creation, delivery standards, product assurances, managerial and human commitment, and product profitability. Therefore, one of the essential ingredients of marketing and service quality is regulating that quality. However, the difficulties associated with managing quality service in service industries is due to the varying customer expectations. The challenge is to define, execute, and monitor a high quality standard.

Customer satisfaction must be viewed as the link between a total quality improvement process and the market orientation of a company. Service quality management programs are expected to help build customer satisfaction, reduce expenses, and increase profits. Cynthia Webster (1993) conducted a study to determine the relationship between the importance placed on the marketing culture of a service firm (customer orientation) and profitability. She concluded that a highly significant relationship existed with 94% of the total variation in a firm's profitability being explained by marketing culture.

The first section of this study provides information pertaining to the banking industry in Canada to give the reader an understanding of the service firm being studied. The following sections provide an overview of the current literature on the relevant topics briefly discussed here.

The Canadian Banking Industry

There are many kinds of financial institutions in Canada, but the three main types are:

1. Deposit-taking institutions:

- Chartered banks;
- Trust companies;
- Savings banks;
- Mortgage loan companies;
- Financial co-operatives (credit unions and caisses populaires).

2. Contractual-savings institutions:

- Life insurance companies;
- Property and casualty insurance companies.

3. Direct financing institutions that raise funds for corporate and private sector borrowers through acquisitions, trading, and borrowing:

- Investment dealers and stockbrokers;
- Financial leasing corporations;
- Financial corporations (consumer loan companies and sales finance companies);
- Investment companies (including mutual funds).

Chartered Banks

The term chartered bank dates from the time when a bank could be established only through government charter. All banks operate under and are regulated by the Federal Bank Act. There are two types of chartered banks: Schedule A banks and Schedule B banks. Non-residents may not hold more than 25% of the shares of a Schedule A bank and no one person or associated group may hold more than 10% of its voting stock.

Schedule B banks include subsidiaries of foreign banks in which a single shareholder may hold more than 10% of the bank's voting stock. Schedule B banks may only have one branch unless specifically authorised by the Minister of Finance.

Canadian chartered banks are all authorised to offer the same array of services. They all set their prime lending rate according to the level of the Bank of Canada rate. Therefore, in this homogenous and highly regulated market, customer service becomes one of the only distinguishing features between the competing institutions.

Services vs. Products

The marketing of services has quickly become an important area of market research. Over the past twenty five years, researchers have begun to explore the differences that exist between the marketing of goods and the marketing of services. The distinct dissimilarities have been defined by Kotler (1980) as intangibility, variability, and inseparability. However, debate continues on the differences between it and its sibling, product marketing. Questions are also beginning to arise concerning whether it is even appropriate to recognise these dissimilarities. In other words, a full circle might be in the works. However, the major consensus is that strong distinctions do exist. There are some marketing manipulations that can be useful in services marketing that cannot exist in the marketing of material goods. These features can be exploited to the company's advantage in a service environment, but are not part of the package for products. Difficulty in evaluation demands that consumers depend on different cues and processes when evaluating services.

Services marketing and product marketing are similar in many areas. Their goals are simple: to attract customers, satisfy them, create loyalty, and encourage repurchase. However, because of their integral differences, there are many marketing 'features' that researchers are not fully aware of, nor are they understood completely. By definition a service is said to have three characteristics: intangibility, inseparability, and variability or nonstandardization. Intangibility refers to the fact that services cannot be seen, felt, tasted, or touched. They are not concrete. Therefore, they cannot be displayed, depicted, or even stocked. Inseparability occurs in the

production and consumption. Services are sold and then produced and consumed at the same time. The customer usually takes part in the production and therefore affects the quality of the service. Nonstandardization means that the service cannot be exactly the same at every encounter. Quality can change from day to day due to the high amount of human involvement. The moods of people and their day to day efforts cannot be controlled. Their performance also depends on the level of demand. Inventories can not be kept, thus resulting in service providers not always having the time needed to properly serve their clientele during peak seasons. De Brentani and Cooper (1992) go so far as to divide this aspect into two distinct features: variability and perishability. Variability refers to the impossibility of delivering the exact same service because of the human factor. Perishability refers to the impossibility of stocking a service.

It is Shostak's (1985) definition of a service encounter that actually encompasses all aspects of the service firm with which the consumer may interact. This definition includes the company personnel, its physical features and other tangible elements. Due to the distinguishing features of services it has been implied that service firms have additional variables beyond the traditional 4P's, namely, products, price, place, promotion. Customers are usually present during the 'service manufacturing' and interact directly with the firm's representatives. As previously stated, this is because services are produced and consumed simultaneously (Groonos 1983, 1981, Parasuraman, Zeithaml, and Berry 1985). Because of their essentially

intangible processes, cues are often used to ascertain the firm's proficiency. Ordinarily, the only signs accessible are the company's marketing communications, physical facility, and employees.

Booms and Bitner (1981) proposed an expanded marketing mix for services to fill the gap between the four traditional elements and the definitional properties of a service.

Therefore, the three new elements become: *physical evidence* (the physical surroundings and all tangible clues); *participants* (all human actors in the service encounter including firm personnel and other customers); and *process* (procedures, mechanisms, and flow of activities).

These elements become part of the marketing mix as controllable variables.

Consumer Evaluation Process

Upon examination of the general consumer behaviour model, the question becomes not where does service marketing fit in, but where does it not fit in. Service marketers attempt to understand all the internal aspects of the model: information processing, involvement, learning, perception, and attitude. This is because of the difficulty for consumers to assess a service. It forces the consumer to rely on different cues during the evaluation process. It is only with these clues that the consumer can judge the quality of the service with which he is provided.

It is because of the importance of these cues and clues that service marketers attempt to understand all the internal facets of the consumer behaviour model. The internal processes consist of: consumer information processing; consumer motivation; consumer involvement; consumer perception; consumer learning; and consumer attitudes. Marketers strive to manipulate these processes in order to achieve perceived consumer satisfaction, loyalty, and thus increased sales.

It is Ray's (1974) dissonance model that describes the circumstances that typically develop during service selection. After selecting among analogous alternatives the consumer acquires some experience with the service. The consumer will then develop an attitude. The consumer will learn more about the service in order to support his choice of service provider.

This shows us the importance of consumer attitude and consumer learning in services marketing. The cues that are provided can affect these developing attitudes, thereby affecting the learning process and vice versa. The cycle is constantly at work. Consumers will continuously absorb information about their chosen service. If the company consistently satisfies its clientele, positive word of mouth will emerge as a positive clue to its service. Obviously, a company cannot rely on this to enhance its image and bring in the first time users. This is why public relations and other external communications are used to create a positive image about the company. These can be considered controllable cues. However, other communication materials, competitors' advertising, negative articles, disgruntled customers' word of mouth exist as uncontrollable cues. The controllable indications must be so positive that they neutralise the effects of any negative publicity.

Due to the inseparability of consumption and production (in the definition of a service), the consumer involvement level must be very high. This is because inherently, in a service, the consumer is also responsible for ensuring his own satisfaction. For example, he must tell the hairstylist how to do his hair, or he must tell the doctor what hurts. The high involvement is required in order to meet the individual's needs. Services can be custom designed. Therefore, personal relevance can be taken into account in order to ensure proper understanding of the consumer's goals for using the service. This increases the service provider's ability to secure control over customer satisfaction in said circumstance.

Customer service is a priority for both suppliers of products and services. However, due to some of the properties of services, the consumer evaluation process differs from that of goods. Therefore quality service becomes paramount in order to leave positive cues with which customers can evaluate the service offered. Services are defined to be intangible, nonstandardized, and inseparable. This causes them to be more complicated to rate than products. Zeithaml (1988) proposes a framework for isolating the differences in the consumer evaluation process between goods and services.

Zeithaml believes that a gap in the literature existed because services were becoming more and more important to our economic survival and yet no apparatus existed to aid service marketers in understanding their customers' evaluation process. Therefore, marketers were unable to respond adequately to their customer's needs. The first framework she submitted was based on the search vs. experience vs. credence properties. Search qualities by definition can be determined before purchase. Experience qualities can only be perceived during or after consumption. Credence properties may be impossible to measure even after purchase and consumption. The major proposition of this paper is that most goods have search and experience properties thus making them easy to evaluate. On the other hand most services, due to their three differentiating characteristics, fall under experience or credence properties, thus making them very difficult for consumers to evaluate. Difficulty in evaluation obliges consumers to rely on clues or tangible substitutes

when evaluating services. Zeithaml hypothesises that consumers tend to be more brand loyal with services than with products. This is due to the fact that the switching costs of changing brands of services is higher than those of changing brands of products.

The Service Encounter

It is important to note that these encounters are viewed by the consumer as the service itself. Bitner addresses the matter of antecedents and consequences of customer satisfaction and dissatisfaction. How the services marketing mix can be utilised to influence positively customer satisfaction in service encounters is also discussed.

In order to explain the research done, certain conceptual definitions are clarified. Service encounter is defined by Shostak (1985) as 'a period of time during which a consumer directly interacts with a service.' This includes all aspects of the service including tangibles. Kotler's (1980) 4P system for marketing of services is exposed as deficient because of the intangibility, nonstandardization and inseparability characteristics and three new P's are introduced. Because of the intangibility of the service, consumers constantly search for clues in order to determine the firm's proficiency. Frequently the only ones are the firm's physical facilities and its personnel. Consequently, the three new additional P's are:

Physical Evidence: environment and tangible clues;

Participants: all human actors, personnel's attitude;

Process: policies, procedures, mechanisation, flow of activities.

Service satisfaction is described as satisfaction from an individual's transaction experience whereas service quality is more akin to one's general attitude towards the firm. The consumer attribution theory is from Wiener's (1985a) conclusion that people do engage in 'spontaneous causal thinking' about the organisation's service quality based on their opinion of the service satisfaction. Therefore human resource processes and procedures established for customer-contact employees in service organisations have unintentional consequences because they cannot be hidden from the customer. This is because the delivery of a service has been likened to a 'performance or show' featuring the service provider and the customer (Bitner 1990; Bitner, Booms, and Tetreault 1990). However, this is live theatre. Hence, the nature and quality of the 'product' sold is much more a function of employee-customer interactions by service firms than in goods firms (Parasuraman, 1986).

Schneider and Bowen (1992) pointed out that managers in their pursuit of service quality need to create two related but different climates, one for service delivery and one for employee well being. However, as Hartline and Ferrell (1993) observed, few models exist to help managers understand how organisational practices and employee behaviours contribute to high service quality and value from the customer's perspective.

Time and time again it has been found that management's commitment to quality service has reduced the service standards gap (Zeithaml, Parasuraman, Berry, 1990). When managers are committed to a group of common values, employees come to adopt that value system, thus uniting the organisation around one common purpose. The purpose will vary

from one organisation to another but 'service mindedness,' 'customer consciousness,' and product/service quality are typical examples (Cespedes 1991). As a result Hartline and Ferrell (1993) tested for the conversion of this type of directive into enhanced service quality through its effect on employee behaviour and found that a positive correlation did exist. In fact they found that management's commitment to quality is the most consistent predictor of employees' quality service delivery.

Quality Customer Service

The definition for service quality is “the extent of discrepancy between customer's expectations or desires of service and their perceptions of said service delivery.” The idea is to manage customers' expectation of quality in order to surpass them and thus give the impression of high quality service. There are believed to be ten dimensions of service quality that management should attempt to control (Zeithaml, Parasuraman, Berry, 1990). The dimensions are then condensed into five measurable 'SERVQUAL' dimensions: tangibles, reliability, responsiveness, assurance, and empathy. It is believed that these dimensions are a succinct representation of the core criteria that customers utilise when evaluating service quality.

Brown, Martenfeld, and Gould (1990) also exalt the virtues of having a service culture environment in all firms. They believe this must come from the company leadership and bring in the importance of human resource management by stating as their chief commandment: 'Do Unto Employees As You Would Have Them Do Unto Your Customer.' After many questionnaires and surveys, the authors were able to develop five pillars for the service culture. This they nicknamed REACH. REACH stands for research, empower, acknowledge, communicate, and help.

They describe excellent service businesses as having a clear uninterrupted vision of what service and service excellence are. They believe these companies have customer-orientated contact people, built in customer friendly systems, and possess a long-term commitment to the ideology made by the entire organisation.

Reynierse and Harker (1993) believed that "a service-competent force requires well-trained, knowledgeable, conscientious employees who enjoy their customer service responsibilities." A corporate service culture that values the customer and focuses on providing effective service is essential. However, organisational management is far too removed from the service distribution facilities to control these factors. Thus, they must rely on their unit management to disseminate the company service vision, maintain its consistency at the service encounter level and even improve on it. The unit manager is responsible for ensuring that each of his customer contact employees understand that they represent the firm to every customer that they serve.

It is imperative that these unit managers provide the leadership to focus their team around a customer service orientation. Only the branch management by their actions can demonstrate that customer service really matters. If management is really committed to customer service and makes it a priority, consistently showing that customer service is important, then customer service will prevail and produce satisfaction. But to achieve this management must exert their leadership and inspire their work force towards a customer service orientation.

Customer Satisfaction and Profitability

There have been many studies that have linked the relationship between quality service and customer satisfaction; however, business can only earmark funds for improving customer satisfaction if the results are measurable by traditional accounting methods. In a meta-analysis, Capon, Farley, and Hising (1990) identified twenty studies that found a positive relationship between quality and economic returns. In a more recent study, Rust and Zahorik (1993) were able to empirically demonstrate the relationship that exists between customer satisfaction and profitability in the health care industry. In fact, in the last few years, research has begun to focus on the process by which the service is delivered and how that may affect customer satisfaction

Anderson, Fornell, and Lehmann (1994) performed an in-depth analysis on the relationship between customer satisfaction and economic returns, treating customer satisfaction as a cumulative measure. Thus, their framework separates customer satisfaction and quality into two ideas. This is due to the fact that customers can not experience satisfaction unless they have experienced the service. Quality, on the other hand, can be observed by tangible and intangible cues. Customer satisfaction also deals with the concept of value (Howard and Sheth 1969, Kotler and Levy 1969) as the ratio between perceived quality relative to price (Dodds, Monroe, and Grewal 1991, Holbrook 1994, Zeithaml 1988). Quality, however, is independent of price. As well, quality is perceived at a moment in time, whereas customer satisfaction is cumulative based on past

experiences as well as expected ones. Anderson and Sullivan (1993), Churchill and Suprenant (1982), Cronin and Taylor (1992) Fornel (1992), and Oliver and DeSarbo (1988) provide much empirical data to show quality as an antecedent to a customer's satisfaction

Fornel (1992) explains several positive effects of high customer satisfaction for the firm. High satisfaction tends to lead to higher loyalty. This increases a customer's switching costs thus protecting the firm's customer base from competitors, lowers the cost of attracting new customers, and means that more customers are likely to repurchase. If a company has loyal customers, it should be seen in the company's economic returns as it guarantees a stable future cash flow (Reichheld and Sasser 1990).

Nothing is as practical as a good theory. It enables the marketer to predict points of leverage, points where the manipulation of the marketing mix can be effective. Quality customer service and customer satisfaction have been identified as leverage points. It is now up to organisations to recognise that fact and use it to their advantage. A proper delivery process can sway a consumer to generate positive attributions during his satisfying service encounter thus becoming a loyal and profitable customer.

SECTION III

METHODOLOGY

Introduction

In order to meet the previously mentioned objectives, the focus of this study will be on the staff's service commitment and the level of customer satisfaction. This will be measured by the branch staff responding to the "Individual Commitment to Quality" questionnaire. Through this method, we will be able to determine the strength of the staff's service commitment. To ascertain the satisfaction levels of each unit's transactional client base (those clients who actually visit the branch), the results of two customer service questionnaires will be utilized. Also included were the number of customer letters (complaints and congratulations) received by the Head Office.

It is believed that high quality service will result in higher customer loyalty thus larger product sales and higher profitability. To correlate the satisfaction with branch profitability, all the profitability measures, (objectives met, other revenue by employee, profit margin, etc.), customer profiles, and sales of each of the organizational units will be examined.

Sample

The sampling frame of our study is the financial industry. The project focused on twenty-five branches of a federally chartered Canadian Bank in the Metropolitan-Montreal area. Three groups of respondents will be surveyed. The management team of each branch (Manager and Client Services Manager) will be questioned about their commitment to service. Each employee of each branch will fill out the same questionnaire on their own service commitment. The results from the bank's annual and monthly customer service questionnaires will be used to measure customer satisfaction.

The twenty-five branches consist of twenty-five service units split into thirteen "main branches" and twelve "satellite branches". The main branches have a two member management team. The senior manager known as the Assistant Vice President, Senior Manager, or Manager, and the junior as the Customer Service Manager. The satellite branches have only one manager known as the Manager or Customer Service Manager. (These titles reflect the various officers' status with the company before a recent re-structuring and not any level of power they may or may not possess at the present time.) A total of thirty-eight managers were investigated. On the employees side, the sample size ranged from two to six employees for a total of one hundred and twenty employees.

The participation levels and subsequent results of the seven "Question of the Month" surveys from December 1994, January 1995, March 1995, April 1995, June 1995, August 1995, and October 1995 can be found in Table A. This questionnaire was also distributed at large to all walk-in customers during the last week of each of the aforementioned months. As with the Customer Service survey, at the end of the service encounter, the representative would hand the coupon to the customer, ask him to complete it and deposit it into the 'ticket box' himself. At the end of the month, the head Customer Service Representative would collect all the coupons, tabulate the results herself and transmit them to the Head Office. The Marketing Department gathers all the results and distributes them to the concerned parties.

The October 1994 annual Customer Service Questionnaires were distributed to any customer who walked into a branch and visited a service wicket during the entire month. The number of respondents ranged from 514 to 1993 per branch for a total of 27,193 customers and an average of 1088 per branch. Once a week, a representative from the research agency would come to unlock the coupon box and retrieve the results. All tabulations were done by the outside firm. The Marketing Department received all the results and distributed them to the concerned parties.

The number of households active in each branch was used to prepare the branch profiles which will be discussed later in this paper.

Research Instruments

The research instruments are made up of two components: the questionnaires and the branch measures. There are four different questionnaires: staff (management and employees) and customers (annual survey and question of the month). The six distinct branch measures are performance statistics on: objectives met (deposits, credit, and products sold); other revenue per employee; margin or spread; and cross sell ratio.

Questionnaire

The staff questionnaire has two formats: one for the management team of each branch (Appendix A) and the other for the employees (Appendix B). The questionnaires were distributed and collected by internal mail during December 1995. Each package contained a sufficient amount of questionnaires, a return envelope to a central location to ensure anonymity, and an instructional memo from the Regional Vice President to the senior managers (Appendix C). The questionnaire was reworked from Hartline and Ferrell's (1993) adaptation of the 15-item organisational scale of Mowday, Steers, and Porter (1979). The nine item measure asks the management team and their staff to indicate their level of agreement with each statement by using a scale ranging from 1 (strongly agree) to 5 (strongly disagree). Therefore, the lower the average score, the stronger the commitment to providing quality services.

The "Question of Month" service surveys have one yes/no question for each of the seven months it was administered: December 1994, January 1995, March 1995, April 1995, June 1995, August 1995, and October 1995 surveys (Appendix D).

Customer satisfaction was measured by the results of a major "Customer Service Month" questionnaire (Appendix E). This major October 1994 questionnaire was made up of six yes/no questions. The more positive responses received, the more satisfied the branch's client base was deemed to be.

Measures

The growth measures, objectives met (deposits and credit), are percentage measures. They are based on the net growth in both the assets and the liabilities each branch has made between November 1st, 1994 and October 31st, 1995 divided by its growth objective.

The profitability measures, margin or spread and other revenue per employee are taken from each branch's financial statement as of year end (October 31st, 1995). The margin or spread is the amount of profit per dollar each branch generated on its capital. It is the ratio between interest revenue on credit products and interest expense on deposit products.. The other revenue measure is a dollar figure. It is based on the amount of revenue generated by

complimentary product sales (such as safety deposit boxes, mutual funds, overdraft protection, saving plans, and the like) divided by the number of full and part time employee hours allocated to the branch.

The customer loyalty measures (products sold and cross sell ratios) are also measured by the year end (October 31st 1995) results. The products sold measure is the percentage ratio of all the products sold by the branch employees to **any** bank customer and their products sold goal over the twelve month period of November 1st, 1994 and October 31st, 1995. The cross sales figures is a ratio of products held per household which represents the level of market penetration a financial institution possesses (i.e. satisfied customers will have more banking products with their choice bank). It is based on the bank's internal Marketing Database System as of its most recent October 1995 update.

The branch profile measure is the growth or loss across nine product categories held by the branch on October 31st, 1994 and October 31st, 1995. They include accounts, banking packages, guaranteed investment certificates, RRSP's, mortgages, personal loans, personal credit lines, and Visas. This measure will be used to determine the level of customer satisfaction at each branch.

Variable List

M - is a cumulative score of management's responses to the 'Commitment to Quality Questionnaire' where;

- MQ1** - response to 'Commitment to Quality' question 1
- MQ2** - response to 'Commitment to Quality' question 2
- MQ3** - response to 'Commitment to Quality' question 3
- MQ4** - response to 'Commitment to Quality' question 4
- MQ5** - response to 'Commitment to Quality' question 5
- MQ6** - response to 'Commitment to Quality' question 6
- MQ7** - response to 'Commitment to Quality' question 7
- MQ8** - response to 'Commitment to Quality' question 8
- MQ9** - response to 'Commitment to Quality' question 9
- ΣM** - average response to the nine questions

E- is a cumulative score of the employees' responses to the 'Commitment to Quality Questionnaire' where;

- EQ1** - response to 'Commitment to Quality' question 1
- EQ2** - response to 'Commitment to Quality' question 2
- EQ3** - response to 'Commitment to Quality' question 3
- EQ4** - response to 'Commitment to Quality' question 4
- EQ5** - response to 'Commitment to Quality' question 5
- EQ6** - response to 'Commitment to Quality' question 6
- EQ7** - response to 'Commitment to Quality' question 7
- EQ8** - response to 'Commitment to Quality' question 8
- EQ9** - response to 'Commitment to Quality' question 9
- ΣE** - average response to the nine questions

QM- is a cumulative score where;

- QMd**- response rates to December 94 'Question of the Month'
- QMj**- response rates to January 95 'Question of the Month'
- QMm**- response rates to March 95 'Question of the Month'
- QMp**- response rates to April 95 'Question of the Month'
- QMu**- response rates to June 95 'Question of the Month'
- QMa**- response rates to August 95 'Question of the Month'
- QMo**- response rates to October 95 'Question of the Month'

CS- is a cumulative score of customer satisfaction where;

CS1- responses to question 1 of the October 95 Service month questionnaire
CS2- responses to question 2 of the October 95 Service month questionnaire
CS3- responses to question 3 of the October 95 Service month questionnaire
CS4- responses to question 4 of the October 95 Service month questionnaire
CS5- responses to question 5 of the October 95 Service month questionnaire
CS6- responses to question 6 of the October 95 Service month questionnaire
CSRR- response rate for the October 95 Service month questionnaire

BP- is a cumulative score where;

HH- change in the number of households a branch serves between October 94 and October 95
AC- change in the number of accounts a branch holds between October 94 and October 95
PK- change in the number of banking packages a branch holds between October 94 and October 95
GIC- change in the number of guaranteed investment certificates a branch holds between October 94 and October 95
RSVP- change in the number of registered savings plans a branch holds between October 94 and October 95
MTG- change in the number of mortgages a branch holds between October 94 and October 95
LN- change in the number of personal loans a branch holds between October 94 and October 95
CL- change in the number of personal credit lines a branch holds between October 94 and October 95
CC- change in the number of credit cards a branch holds between October 94 and October 95

The success measures are as follows:

II-difference between interest revenue and interest expense

R-amount of revenue generated by other sources per full time employee(\$)

Objd-Dollar objective attained in deposit products(%)

Objc-Dollar objective attained in credit products(%)

PS-Percentage attained of products sold objective(%)

X94-Ratio of products held per household at October 31st, 1994

X95-Ratio of products held per household at October 31st, 1995

Respondents

The number of respondents to each variable and measure used per branch is presented below.

Table A

Branch	Commitment to Quality			Customer Satisfaction		
	M	E	QM	CS	BP94	BP95
A	2	5	15	640	2655	2465
B	2	4	11	891	1755	1746
C	1	6	62	883	2252	2262
D	1	4	68	896	2303	2206
E	1	6	119	514	2268	2258
F	2	4	42	1951	2290	2197
G	1	5	112	1020	1784	1710
H	2	4	24	648	1437	1376
I	1	4	32	792	2126	2088
J	2	3	124	625	1483	1429
K	2	.	133	685	2844	2728
L	1	6	64	1713	3101	2940
M	2	5	185	1749	2699	2494
N	2	6	149	753	3544	3465
O	2	4	54	719	5053	4787
P	1	4	88	536	2086	1988
Q	1	5	174	1517	2358	2249
R	1	5	94	1993	3015	2864
S	2	5	46	1169	2842	2682
T	1	5	128	1194	2286	2128
U	2	6	81	1071	3285	3210
V	2	2	82	655	2228	2063
W	1	5	26	773	1794	1741
X	1	6	271	1117	2005	2130
Y	2	5	323	939	2918	2941

Plan for Analysis

Objective #1

Does the unit management's customer service example correlate positively with the employees' service commitment?

Objective #1 will be measured by comparing the results of the responses from the management questionnaire (ΣM) and the corresponding employee questionnaire (ΣE).

Basically, we will attempt to measure the correlation between the management team's attitudes and the employees' customer service attitudes. This will be validated by the participation rates of the "Question of the Month" survey in order to ascertain whether the level of commitment to quality can be seen in each group's participation in customer service programs.

Objective #2

Do customer satisfaction measures correlate positively with:

A: management's self-perception of service quality delivered?

B: employees' self-perception of service quality delivered?

Objective #2 will be tested by assessing the correlation between the management and employee customer service orientation measures and the Customer Satisfaction Survey (CS).

We will be able to determine which of the two measures of perceived service (management or employees) best correlates with customer satisfaction measures.

Because this data was collected in October of 1994, the Branch Profiles of October of 1994 and October of 1995 will be used to validate the use of the October 1994 questionnaires and its longevity and accuracy level.

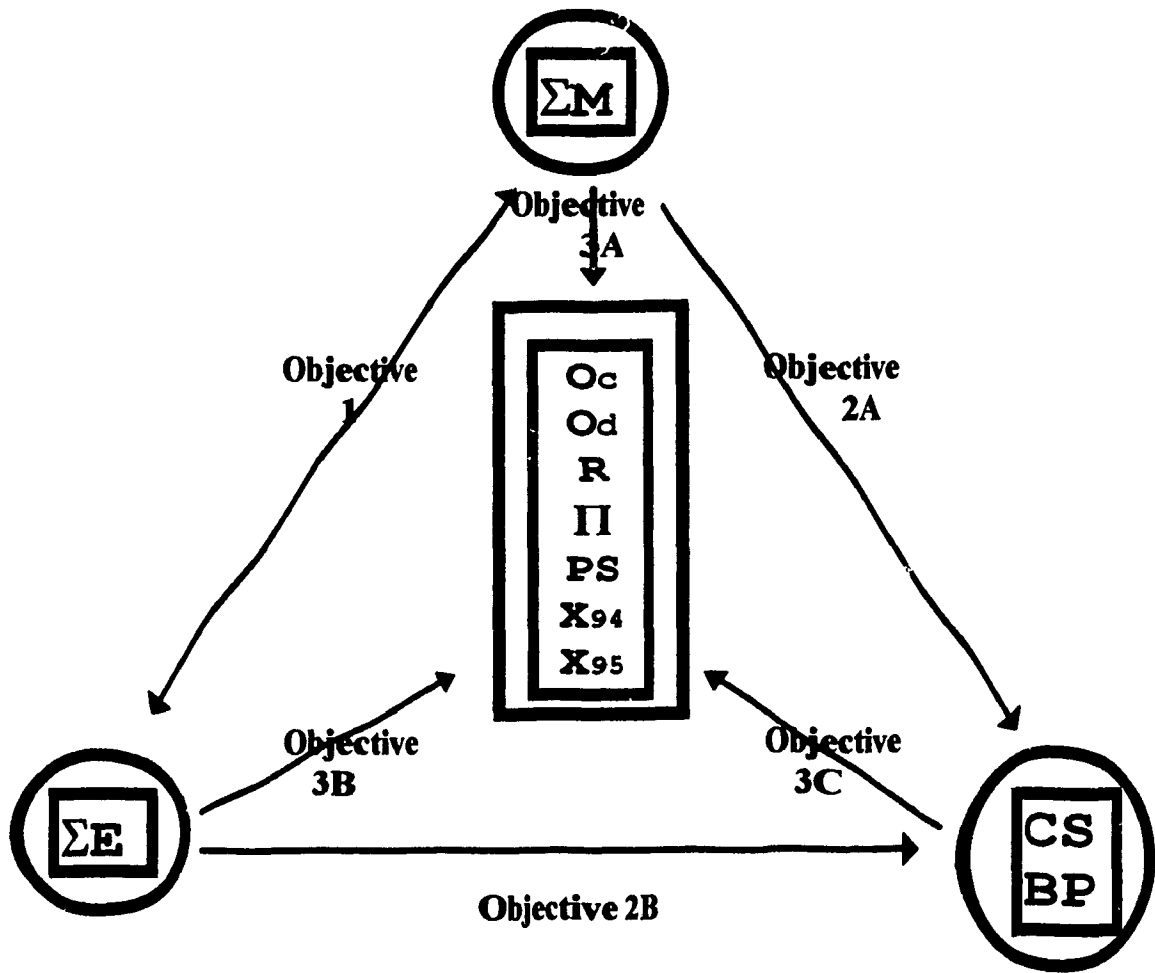
Objective #3

Determine which of the attitudes of the three respondent groups (management, employees, or customers) correlate the highest on each of the following success factors:

- A: objectives attained;*
- B: revenue by employee;*
- C: profitability margin;*
- D: product sales;*
- E: cross sell ratio.*

Objective #3 will help determine which of the three respondent groups' (management , employee, or customer) perception of service measures is the most reliable predictor of the following success factors: percentage of the objectives attained (O), the amount of revenue per employee (R), and the branch's profitability margin (II). Other important measures of success being compared are the number of products sold (PS) and market penetration as measured by the cross-sell ratio (X94 and X95) of products to customers.

Diagram A



As can be seen be the above depicted diagram, each objective will be measured by a variety of the aforementioned research instruments.

SECTION IV

ANALYSIS AND RESULTS

Introduction

The Excel and SPSS for Windows statistical software were used for the data analysis which was based on the 25 branches and the measurements previously discussed. The main analysis and the major findings of the research study are arranged in three sections.

Part A will report the findings of Objective #1, the results from the analyses on management's influence on employees' commitment to quality. Part B will report the findings on Objective #2, the results from the analyses comparing the management's and employees' commitment to quality and customer satisfaction. Part C will report the findings of Objective #3, the results from the analyses on the predicting power of staff's commitment to quality and customer satisfaction on branch profitability .

In the three sub-sections the findings are organised accordingly. First the final values used in the data manipulations are revealed; secondly the results of the Excel diagrams and correlation coefficients are examined, followed by the results of the appropriate SPSS analysis. Finally, the meaning of the results are discussed. Section IV concludes with a table displaying the profiles of the best branches per measure (Table H).

Part A

Objective #1

Does the unit management's customer service example
correlate positively with the employee's service commitment?

Objective #1 was measured by comparing the results of the responses from the management questionnaire (ΣM) and the corresponding employee questionnaire (ΣE). We attempted to measure the correlation between the employee's customer service attitudes and the management team's customer service attitudes.

Using an average of the nine responses, MQ1 to MQ9, for the management team, we were able to assign a value for each branch's ΣM . Each branch's management team's responses were added up and divided by the number of questions (9) and then the number of respondents (1 or 2). The **lower** the score the higher the management team's commitment to quality. The same procedure was followed using EQ1 to EQ9 to assign a value for the ΣE of each branch. However when calculating a score, the number of respondents ranged from two to six employees. The final results can be found in Table B and the initial data in Appendix D.

Table B

Calculated ΣM , ΣE and Question of the Month (QM)
Response Rate(RR) Per Branch

	ΣM	ΣE	RR
A	1.56	1.87	4.89
B	1.44	2.86	7.73
C	1.44	1.50	12.65
D	1.00	1.41	13.36
E	2.00	1.59	17.71
F	1.56	2.24	15.90
G	1.44	1.80	21.15
H	1.56	2.00	8.64
I	1.22	2.13	8.66
J	1.22	1.83	20.76
K	1.56	1.84	19.64
L	1.67	2.32	14.90
M	1.44	1.71	31.23
N	1.56	2.04	21.28
O	1.22	1.88	8.53
P	1.44	1.83	14.21
Q	1.22	1.98	29.79
R	1.67	1.98	20.01
S	1.44	1.59	10.89
T	1.00	1.64	22.53
U	1.11	1.87	14.20
V	1.33	2.39	13.93
W	1.33	1.87	8.64
X	1.78	1.70	40.84
Y	1.78	1.84	44.40

Correlation Coefficients	
0.0838	$\Sigma M - \Sigma E$
0.3024	$\Sigma M - QM$
-0.2378	$\Sigma E - QM$

In order to understand the data and to better decide what type of statistical analysis to perform, Windows-Excel was used to perform a simple two-series plot diagram of each ΣM and ΣE per branch (Diagram B.) In order to ensure that no one question's unique nature was overlooked due to the averaging process, a question by question analysis was performed as well (Diagram C). As can be seen in Table C the range of the responses varies between 1.12 and 2.56 and there are no major discrepancies between the questions. Excel was used to perform a line diagram which showed the management scored consistently higher on all questions. Excel was also used to determine the correlation coefficient between all the responses for each question and the average response of all the questions, first for ΣM and then in the same manner for ΣE .

The correlation coefficients generated for the management responses were not as high as was expected. Upon further investigation, it was found that this was due to the low responses consistently received for questions 5 and 8 as well as one seemingly "disgruntled" manager. It is believed that these two responses do add a more complete picture of the manager's total commitment to quality self-perception, and that the disgruntled manager's self-perception is correctly revealed in his own ΣM score; therefore the average of the nine questions can be used as the respective ΣM measure per branch. The correlation coefficients related to the ΣE measure per branch showed strong correlation; therefore using the averages here is also acceptable.

Diagram B

Commitment to Quality by Branch

Low

High

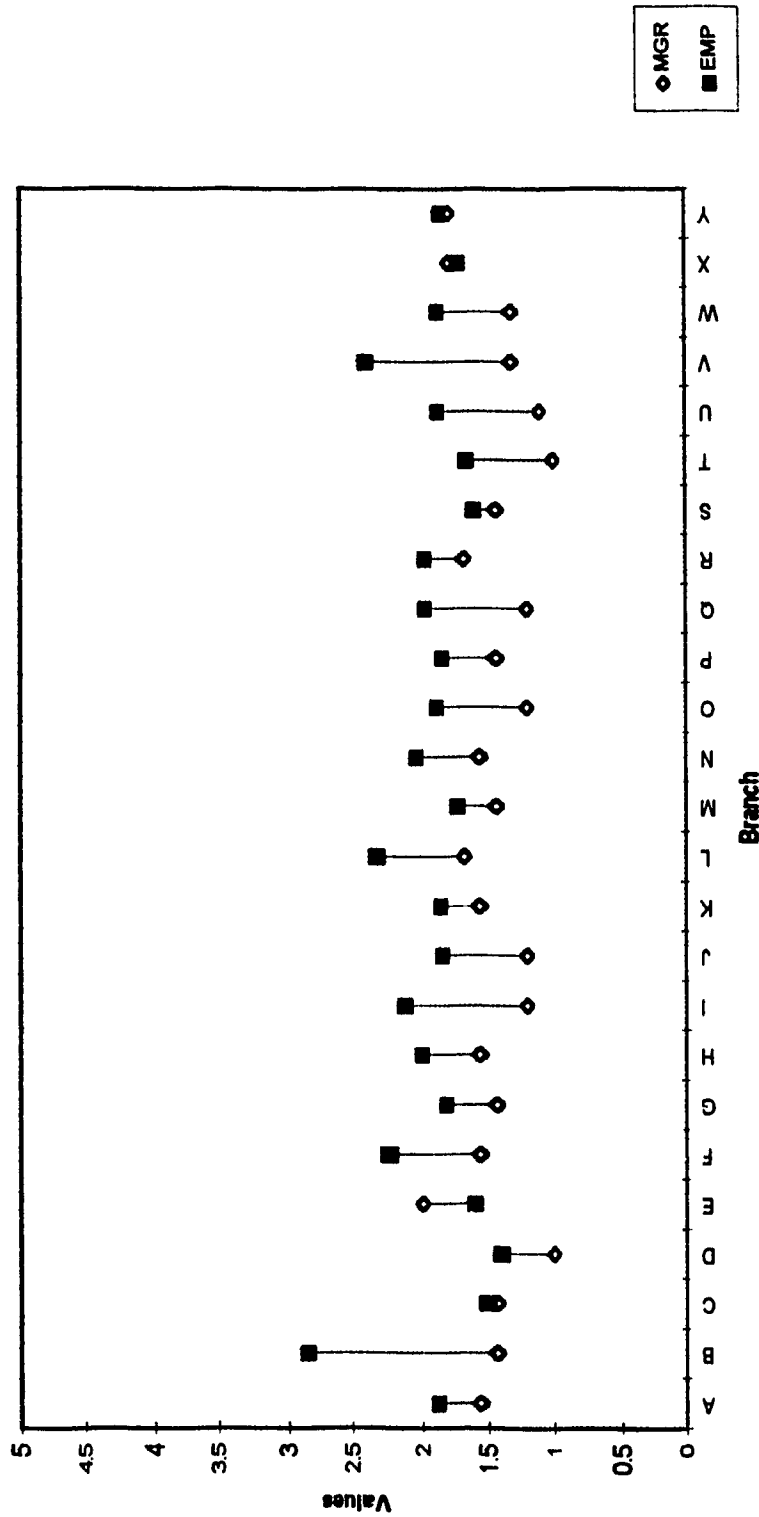


Diagram C

Commitment to Quality - By Question

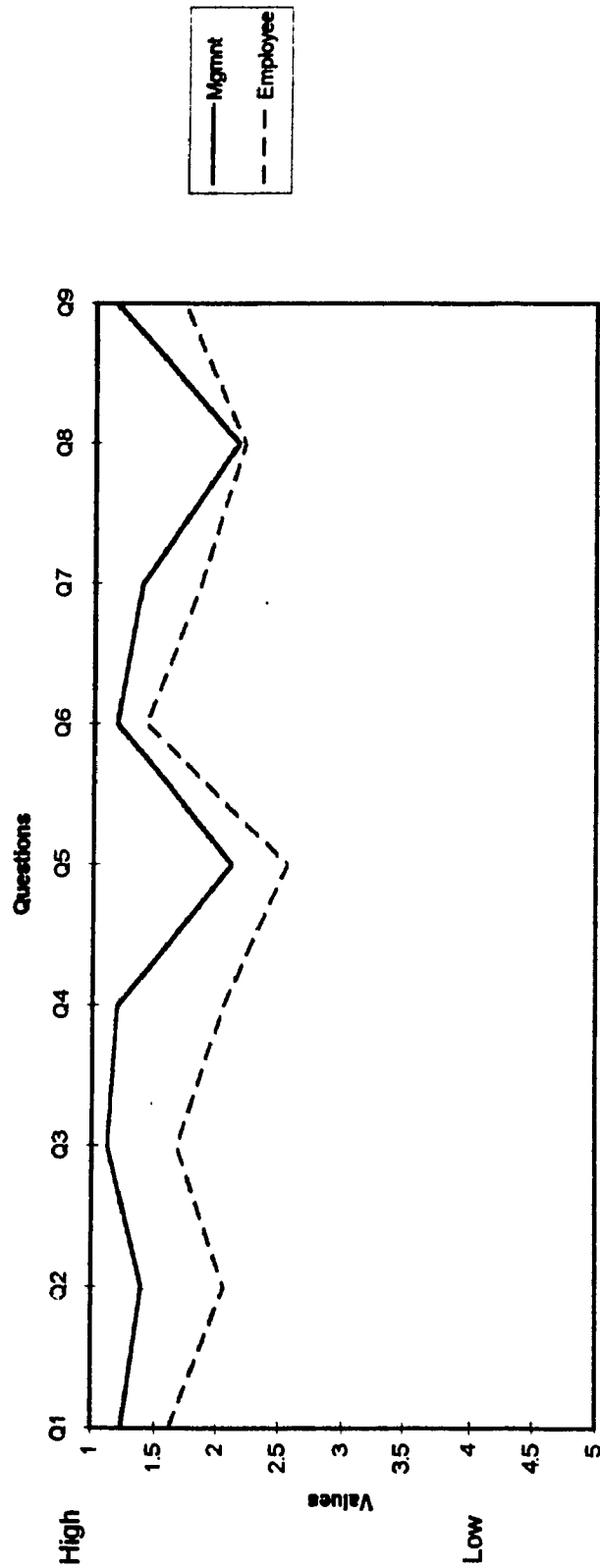


Table C		Correlation Coefficient	
Average Responses			
		Mgmt	Emp
Q1	1.24	1.62	0.68
Q2	1.40	2.07	0.89
Q3	1.12	1.08	0.80
Q4	1.20	2.06	0.67
Q5	2.12	2.56	0.64
Q6	1.18	1.41	0.71
Q7	1.38	1.86	0.78
Q8	2.16	2.21	0.55
Q9	1.16	1.71	0.82

By visual inspection, we were able to ascertain that a pattern did not seem to emerge; employees' commitment to quality score did not seem to be influenced at all by their superior's score. There seemed to be no consistency at all in the variances between the ΣM and ΣE measures per branch. As expected however, management's commitment to quality was higher than their employees in 23 out of the 25 cases. The correlation coefficient was examined to see if there was any relationship between the two measures and to verify if it was statistically significant.

By using Excel, the correlation coefficient between the two measures was found to be 0.084. This is not what was expected as per results from Zeithaml et al (1985) and other studies previously mentioned in the Literature Review. As there is a significant difference between management's and employees' commitment to quality, we cannot in these cases use the manager's commitment to quality to predict employees' commitment to quality. As can be easily seen in Diagram B, there is much discrepancy between the ΣM and ΣE scores per branches. Therefore we must conclude that any relationship in this data set is purely a random phenomenon.

The point is that in 92% of the cases management claim that they are more committed to quality than their personnel. It is possible that managers tend to see themselves more committed to quality than their subordinates or that they might be responding with socially correct answers given their position.

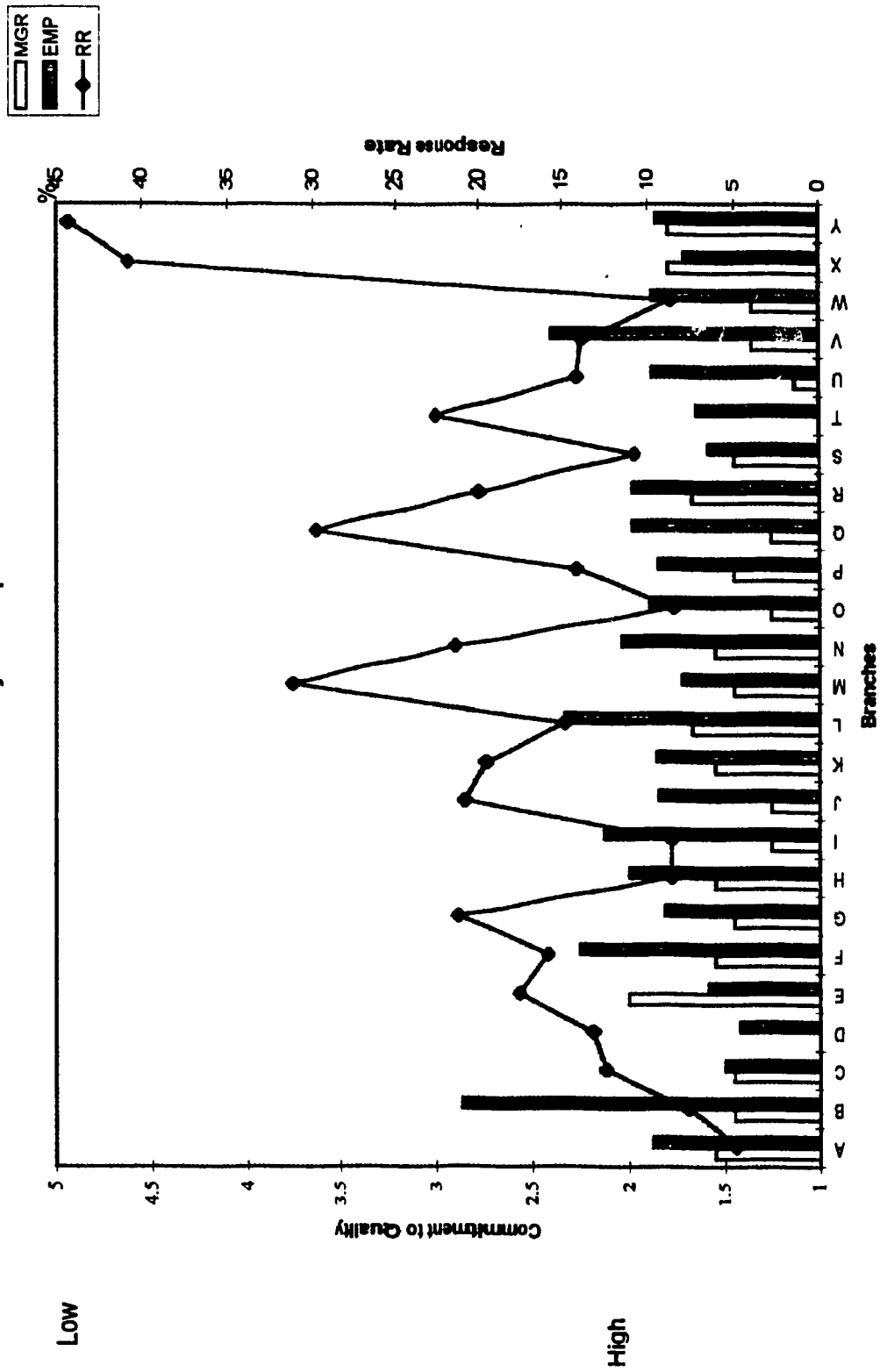
In order to verify the validity of the responses to the "Commitment to Quality" questionnaire, the QM, the average of response rates for each "Question of the Month" survey and the response rate for the "Customer Service Month" questionnaire were consulted. It was expected that the participation rate would prove that the actions of the management and employees in promoting participation in customer service activities would be consistent with the results of the "Commitment to Quality" questionnaire. When the QM variable was added to the equation, the results seemed confused (Diagram D). Again Excel was used to generate correlation coefficients to see if the relationships between ΣM and QM and ΣE and QM were significant (Table B).

The correlation coefficient was 0.302 for $\Sigma M/QM$ relationship and -0.238 for the $\Sigma E/QM$ relationship. These feeble relationships tend to show that commitment to quality actions do not generally follow commitment to quality self-perception. Therefore, they are consistent with our previous findings. As management and employees commitment to quality has no correlation, it makes sense that they have contrasting relationships with QM. It will be interesting to see how these opposing views interact with customer satisfaction.

A cluster analysis will be performed with this data in order to accomplish the future objectives that will ascertain whether management's and employee's commitment to quality are linked to customer satisfaction and/or the aforementioned success factors.

Diagram D

Commitment to Quality Vs Response Rate



Part B

Objective #2

Do customers satisfaction measures correlate positively with:

A: management's self-perception of service quality delivered?

B: employees' self-perception of service quality delivered?

Objective #2 was tested by assessing the correlation between the management and employee customer service orientation measures and the Customer Satisfaction Surveys (CS) as one measure, and to validate it, the Branch Profiles (BP) as the other customer satisfaction measure. We were then able to determine whether either of the two measures of perceived service satisfaction correlates with the management or employees commitment to quality measures.

Management (ΣM) and Employee (ΣE) Variables

The same ΣM and ΣE values were originally to be used but because of the results of the initial correlation tests, we decided to use a combined measure of **Staff Commitment to Quality, ΣS** . By again using Excel to generate correlation coefficients between ΣM and CS and ΣE and CS, the results indicated that there is no real difference between the ΣM and CS

and ΣE and CS relationships. The correlation coefficient for the $\Sigma M/CS$ relationship is -17.4 and for the $\Sigma E/CS$ relationship it is -18.9.

Since we have previously shown that management tends to be more committed to quality in 92% of the cases, and that no real correlation exists between management's and employees' commitment to quality (.084), we believe that a cumulative measure taking into account the two non-related forces interacting more closely mimics the whole staff experience that the customer actually encounters. It makes more sense to use a new measure ΣS as the total staff's commitment to quality measure as it is with the total service environment that the client is interacting. As well, during a service encounter, the customer does not distinguish between the titles of the people that are serving him. As such, the question that remains is whether or not the total staff's commitment to quality can be used as a valid predictor of either of the measures of customer satisfaction.

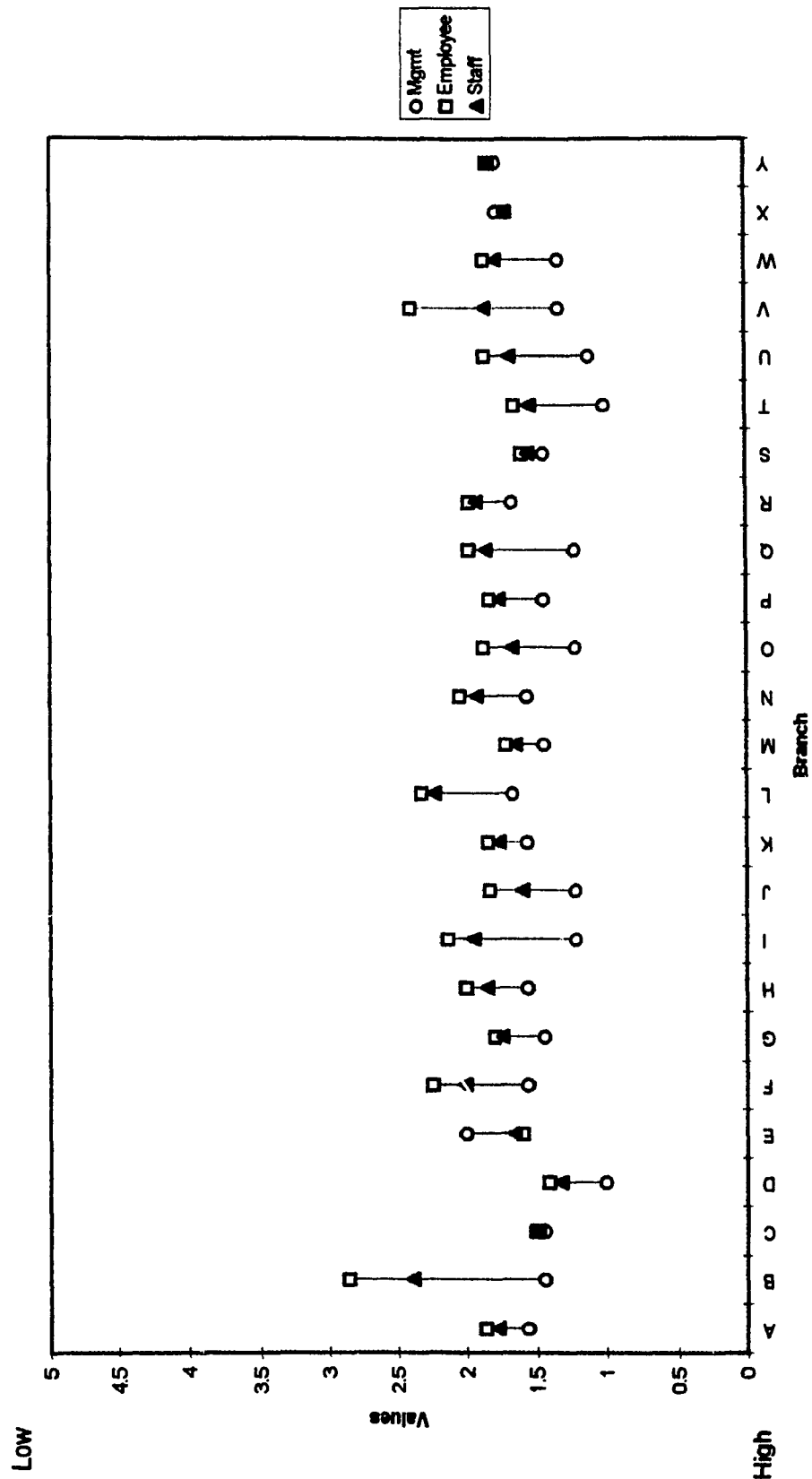
So that the new staff "commitment to quality" measure (ΣS) result would not be biased towards the management "commitment to quality" value, the new staff measure was recalculated using the total "commitment to quality" scores and not just by summing the two measure together (ΣM or ΣE) and dividing by two. The total "commitment to quality" scores for the branch were added together and divided by the total number of staff per branch (Table D). The results are depicted graphically by a three series plot diagram generated by Excel in Diagram E.

Table D**Calculation of The ΣS Value**

Branch	Management			Employee			Staff		
	#	ΣM	Total Score	#	ΣE	Total Score	#	Total Score	ΣS
A	2	1.56	3.11	5	1.87	9.33	7	12.44	1.78
B	2	1.44	2.89	4	2.86	2.86	6	14.31	2.39
C	1	1.44	1.44	6	1.50	9.00	7	10.44	1.49
D	1	1.00	1.00	4	1.41	5.64	5	6.64	1.33
E	1	2.00	2.00	6	1.59	9.53	7	11.53	1.65
F	2	1.56	3.11	4	2.24	8.98	6	12.09	2.01
G	1	1.44	1.44	5	1.80	9.00	6	10.44	1.74
H	2	1.56	3.11	4	2.00	8.00	6	11.11	1.85
I	1	1.22	1.22	4	2.13	8.53	5	9.76	1.95
J	2	1.22	2.44	3	1.83	5.50	5	7.94	1.59
K	2	1.56	3.11	5	1.84	9.22	7	12.33	1.76
L	1	1.67	1.67	6	2.32	13.93	7	15.60	2.23
M	2	1.44	2.89	5	1.71	8.56	7	11.44	1.63
N	2	1.56	3.11	6	2.04	12.27	8	15.38	1.92
O	2	1.22	2.44	4	1.88	7.51	6	9.96	1.66
P	1	1.44	1.44	4	1.83	7.33	5	8.78	1.76
Q	1	1.22	1.22	5	1.98	9.89	6	11.11	1.85
R	1	1.67	1.67	5	1.98	9.89	6	11.56	1.93
S	2	1.44	2.89	5	1.59	7.94	7	10.83	1.55
T	1	1.00	1.00	5	1.64	8.22	6	9.22	1.54
U	2	1.11	2.22	6	1.87	11.20	8	13.42	1.68
V	2	1.33	2.67	2	2.39	4.78	4	7.44	1.86
W	1	1.33	1.33	5	1.87	9.33	6	10.67	1.78
X	1	1.78	1.78	6	1.70	10.20	7	11.98	1.71
Y	2	1.78	3.56	5	1.84	9.22	7	12.87	1.83

Diagram E

Staff Commitment To Quality



Customer Satisfaction (CS)

The value for CS is calculated by using an average of the positive responses per question (Appendix F). Each branch's percentage of positive responses were added up and divided by the total number of questions (seven).

Again, in order to better understand the data, Windows-Excel was used to perform a scatter plot diagram (Diagram F) plotting the CS measure against the ΣS measure. The expected pattern, a negative linear relationship did seem to be emerging. A negative linear relationship was expected because as staff's commitment to quality becomes higher thus scoring lower numerically, customer satisfaction should be higher. A correlation coefficient of -0.23.3 was also examined. This was not a significant enough correlation to say that ΣS can be used as a predictor variable for CS, therefore, a cluster analysis, and then a crosstabulation will be performed in order to test for any possible relationship.

First, another question by question analysis was performed in order to ensure that no one question's unique nature was overlooked due to the averaging process (Diagram G). As can be seen in Table D the range of the responses varies between 94.26% and 100.00%, which would tend to indicate that there are no major discrepancies between the responses. However, when Excel was used to plot a combined line diagram per question, it showed that the CS1

range of responses showed a much lower level of satisfaction than the other responses (CS2-CS6). When Excel was also used to determine the correlation coefficient between all the responses for each question and the average response of all the questions, CS1 correlated the highest at 0.90. CS5 was the next highest at 0.82, next was CS2 and CS6 at 0.67 and 0.64 respectively, and CS3a, CS3b, and CS4 at 0.50, 0.51, and 0.51 respectively. This means that the average responses are slanted towards CS1 responses. The CS1 question deals with waiting time. Hui and Toffoli (1992) and Hui and Zhou (1993) studies prove how integral waiting time is in the consumer evaluation process when deciding whether service has been satisfactory, therefore the average of the CS responses is an even better measure than expected because of the favoring of CS1 as it allows us to take into account this important feature.

Diagram F

Commitment To Quality Vs Customer Satisfaction

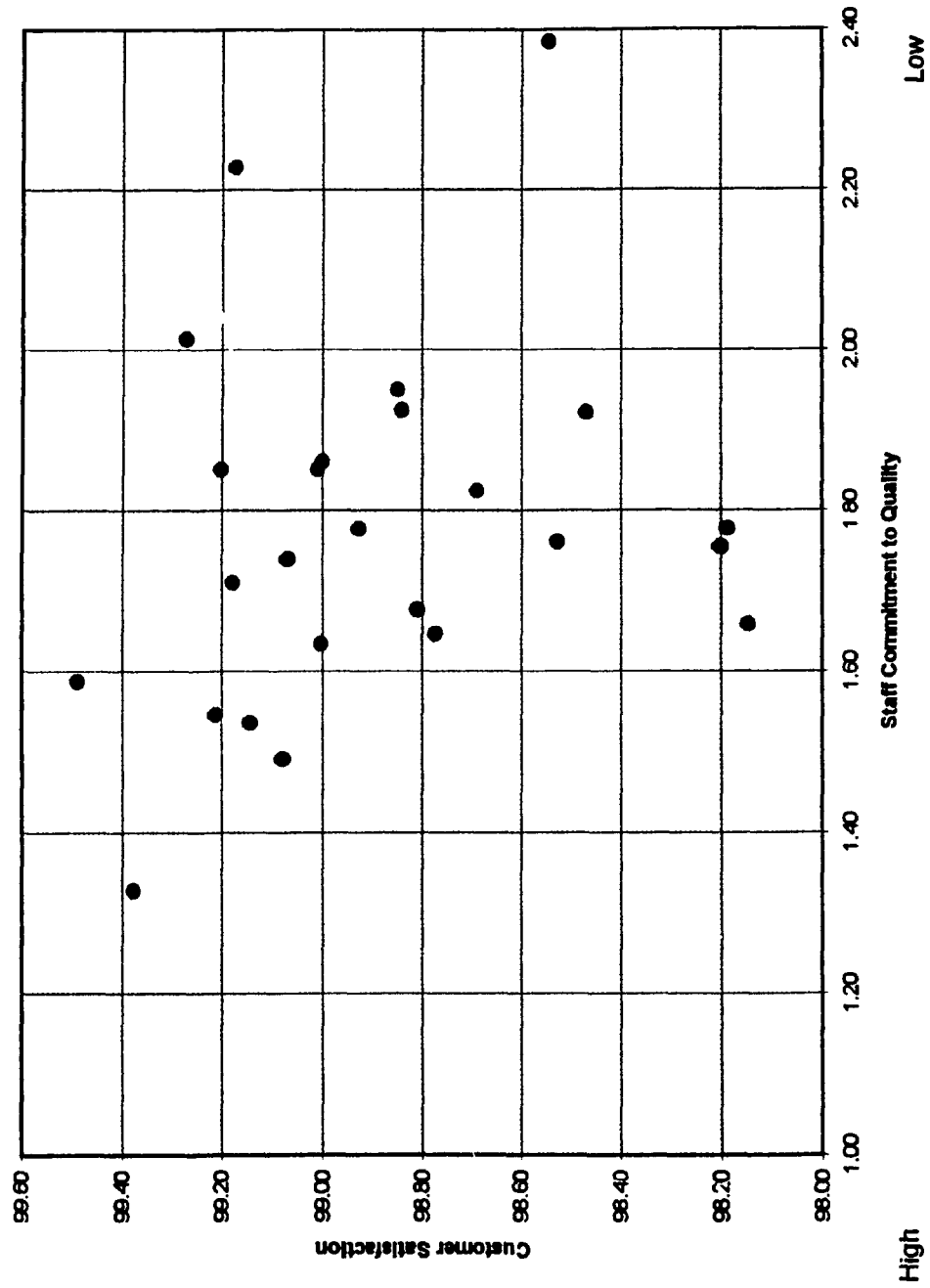
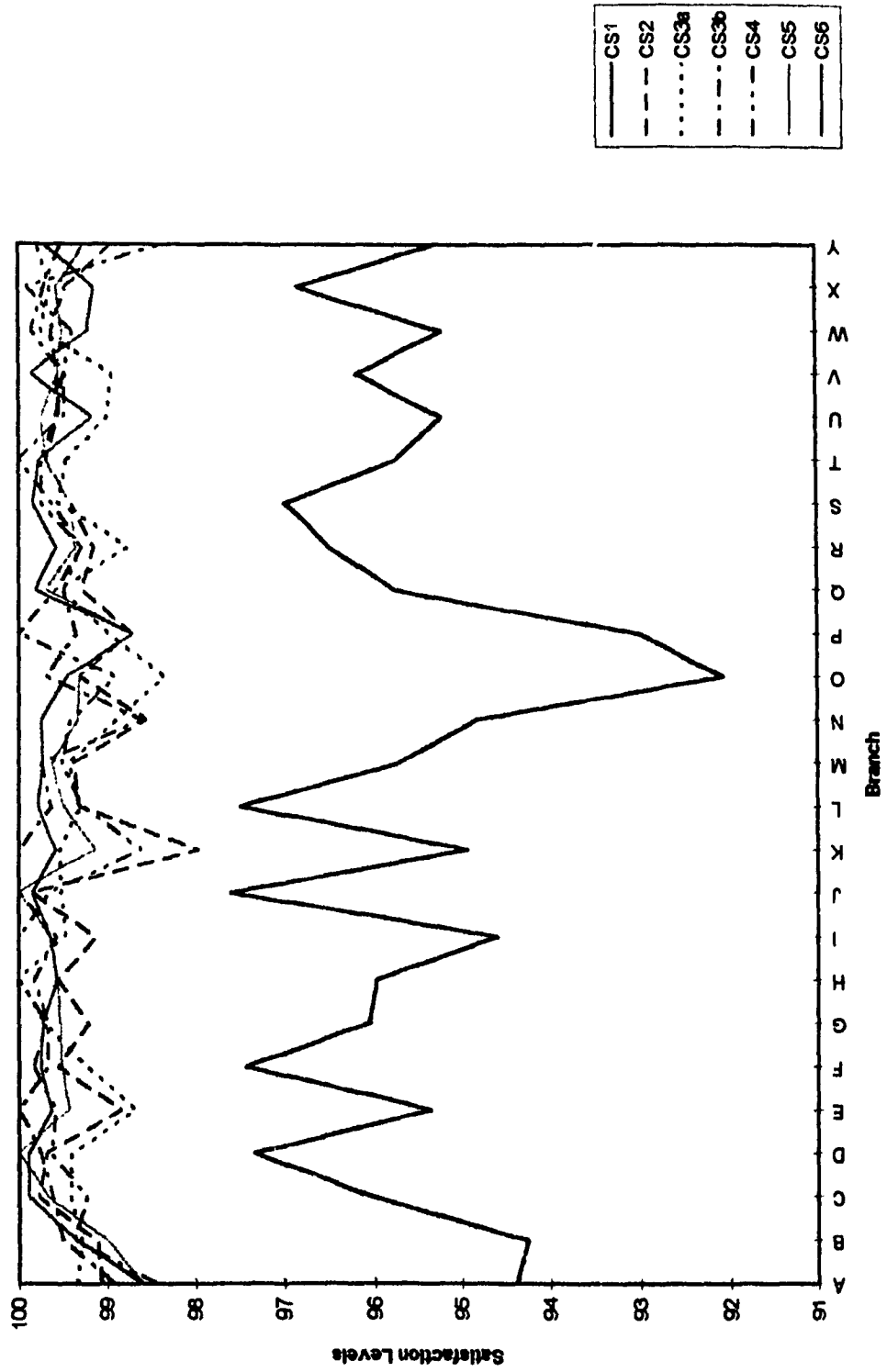


Diagram G

Customer Satisfaction by Question and Branch



A cluster analysis was performed with the staff commitment to quality and customer satisfaction data. First several K-means cluster analyses were performed using the ΣS measure to generate two, three, four, and five groups. We used crosstabulations to compare each grouping (2-3, 2-4, 2-5, etc.). We were searching for the point that the clusters started to splinter off. It was determined that grouping the branches into four clusters was the best way to ensure the stability of the clusters. The clusters were ranked from most (1,2) to least (3,4) dedicated to service quality.

The same procedure was used to cluster the best performers (1,2) to worst performers (3,4) by the CS measure. Again, several K-means cluster analysis were performed to produce two, three, four, and five groupings and the same crosstabulation analysis was performed. On this occasion, four clusters was also deemed appropriate.

The crosstabulation results are shown in Appendix G with a summary of the results in Table E. They reveal that in 40% of the cases a direct relationship (I) was found and in 36% of the cases an indirect relationship was found (II). That is to say that in 76% of the cases the best (1,2) and worst performers (3,4) on both measures (ΣS and CS) were in the same cluster or the next closest cluster. This shows a definite positive relationship between commitment to quality and customer satisfaction. These are the results that were expected in order to be consistent with the studies previously discussed in the Literature Review.

Branch Profile (BP)

A cluster analysis was then performed with the branch profile data in order to group the branches by their performance in retaining customer loyalty. By using the same clustering and crosstabulation procedures as previously explained, the branches were grouped into four clusters from best performers (1,2) to worst performers(3,4) (Appendix H).

Again a crosstabulation was performed in order to validate the positive relationship supported by the previous analysis. In this case, the relationship investigated is between the staff's commitment to quality and the customers' satisfaction with the services offered as depicted by retention levels of the branch. The results are shown in Table E. They reveal that in 36% of the cases a direct relationship (I) was found and in 44% of the cases an indirect relationship was found (II). That is to say the cases of the best (1,2) and worst performers (3,4) on both measures (CS and BP) were in the same cluster or the next closest one. In this instance 80% of the cases supported a positive relationship between high commitment-to-quality-minded staff and a branch that achieves a higher than norm retention rate. Another issue to explore is whether the cluster memberships generated by each of the measures, CS and BP are significantly similar. The results of an examination of their respective clustering are given in Table F.

Table E

ΣS and CS Crosstabulation Results

		Staff			
C S		1	2	3	4
	1		X	F,H	
	2	C		I,Q,R,V	L
	3		E,K		B
	4		A,O,P		

Summary		
Means	(#)	(#)
ΣS - 1:	1.50 (5)	CS- 1: 99.49 (8)
- 2:	1.71 (10)	-2: 99.01 (9)
- 3:	1.90 (8)	-3: 98.53 (5)
- 4:	2.31 (2)	-4 :98.15 (3)
Number of Matches		
		(%)
I = 10		(40)
II = 9		(36)
n* = 6		(24)
*n=match does not meet criteria		

ΣS and BP Crosstabulation Results

		Staff			
C S		1	2	3	4
	1		A,M,P	F,Q,S,V	
	2	C,J		H,I	B
	3		K,O		L
	4		X	Y	

Summary		
Means	(#)	(#)
ΣS - 1:	1.50 (5)	BP- 1: (8)
- 2:	1.71 (10)	-2: (9)
- 3:	1.90 (8)	-3: (5)
- 4:	2.31 (2)	-4 : (3)
Number of Matches		
		(%)
I = 9		(36)
II = 10		(44)
n* = 5		(10)
*n=match does not meet criteria		

Table F
Relationship between CS and BP

<u>Summary of Cs vs. BP</u>		
Definition	#	%
Both in the same performance cluster	10	40
Both either above par (1,2) or below par (3,4)	6	24
Both orbiting around the average (2,3)#	4	16
Math does not meet criteria	5	20

From the above summary table, we can see that CS and BP are similar enough to be considered revealing the same information but on different customer satisfaction levels. CS indicates the level of satisfaction the customers have with the quality of service delivery and BP shows the level of satisfaction with the banking services offered. The fact that they are so positively related, yet display two different dimensions of satisfaction, namely, services delivery and services offered, indicates that staff commitment to quality has a relationship with customer satisfaction.

Part C

Objective #3

Determine how the three respondent groups' perception of service (management, employees, or customers) correlate with each of the following success factors:

A: objectives attained (credit and deposit)

B: revenue by employee

C: profitability margin

D: product sales

E: cross sell ratio

Objective #3 will help determine which of the three measures (management perception of service, employee perception of service, and customer perception of service measures) is the most reliable predictor of the following success factors: percentage of the objectives attained (O), the amount of revenue per employee (R), and the branch's profitability margin (Π). Other important measures of success are the number of products sold (PS) and market penetration as measured by the cross-sell ratio (X94 and X95) of products to customers.

Staff (ΣS), Customer Satisfaction (CS), and Branch Profile (BP) Variables

The same ΣS, CS, and BP clusters generated in the previous section were used here to generate and obtain a proper analysis. Once again the BP measure is being used merely to validate the results obtained with the CS measure.

Success Factors

The data used in the following analyses can be found in Appendix I. After much consideration, two of the six success factor measures were omitted. This was due to the political situation in Quebec at the time of the study. Many customers of the branches located in Montreal's West end moved their accounts into less volatile provinces. Most of the branches used in this study were located in this area. Therefore, at year end, October 31st, when all the success factor data was collected (the day after the 1995 Quebec referendum), 92% of the cases were in a negative position.

To compensate, another variable was added into the success factor score. This was the cross sale ratio of October 1994. This variable was chosen to be added to prove the validity of the data in that only the objective value was affected by the political problems and not the rest of the data.

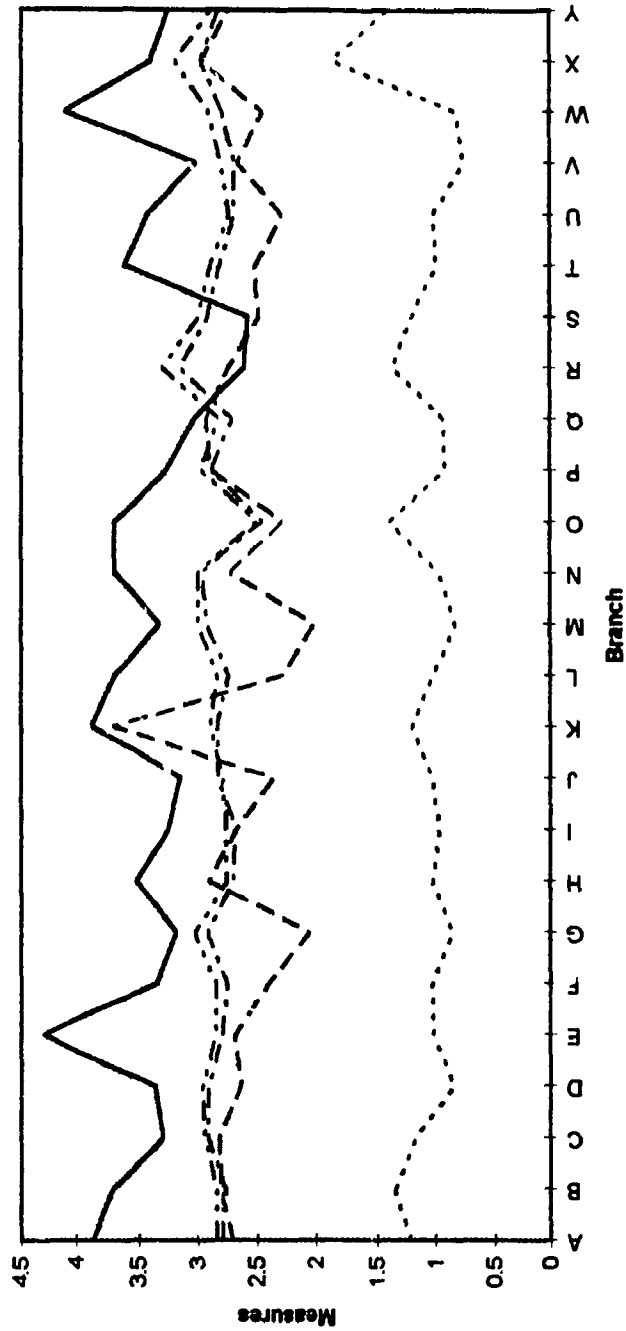
Again, in order to better understand the data Windows-Excel was used to perform a five-series line diagram (Diagram H). By visual inspection, a pattern was seen emerging. The Π , R , and PS measures seemed to be fluctuating in a similar fashion, indicating that a relationship was present. As expected, the $X94$ and $X95$ are almost identical. $X95$ is higher, but this is due to the greater emphasis being placed on developing this activity by the bank.

Excel was also used to generate correlation coefficients to examine the relationship between the success factors (Diagram H). We planned to make certain that the first three measures were independent of one another. As well, we need to test the strength of the relationship between $X94$ and $X95$, in order to be able to omit a redundant variable. As can be seen from the correlation table on Diagram H, $X94$ and $X95$ are almost the same measure with a correlation coefficient of 0.957. The other measures, namely, Π , R , and PS did not seem to be related in any significant way; therefore, we proceeded with the analysis using only four success factors.

Excel was used to produce another series of correlation coefficients (Diagram H). This time the ΣS and CS measures were compared against each of the four remaining success measures. As can be seen no significant correlation exists. We cannot use either ΣS or CS as a predictor variable for any of the success factors, but we will investigate further to see if any kind of a relationship exists.

Diagram H

Success Factors



CORR	Spread	Revenue	Prod Sold	X-sell '94	X-sell '95
S	0.10676	0.090534	0.11632	-0.17258	-0.07948
CS	-0.35448	-0.26026	-0.20062	0.210202	0.205914
Spread	0.125905	0.125905	-0.04713		-0.37223
Revenue	0.125905		0.336794		0.143335
Prod Sold	-0.04713	0.336794			0.233062
X-sell '94					0.956817
X-sell '95	-0.37223	0.143335	0.233062	0.956817	

Again a K-means cluster analysis was performed to obtain two, three, four and five clusters for each success factor.. The number of groupings per measure was decided using the same crosstabulation method described in Part B. A summary of the cluster features can be found below in Table G

Table G
Primary Features Of Success Factors Clusters

Success Factors	Number of Clusters	Number of Member per Cluster	Means per Cluster
Spread Π	4	(1) - 2 (2) - 8 (3) - 13 (4) - 2	(1) - 4.29 (2) - 3.62 (3) - 3.03 (4) - 2.58
Revenue \$	4	(1) - 1 (2) - 14 (3) - 8 (4) - 2	(1) - 3.70 (2) - 2.97 (3) - 2.46 (4) - 2.02
Products Sold PS	4	(1) - 1 (2) - 8 (3) - 11 (4) - 5	(2) - 1.88 (1) - 1.41 (3) - 1.02 (4) - 0.76
Cross Sell X95	2	(1) - 9 (4) - 16	(1) - 3.31 (4) - 2.50

A crosstabulation performed with the **ΣS**, **CS** and **BP** cluster against the individual success factor clusters generated some interesting results (Appendix I). Once again the first level relationship (I - in the same cluster), second level relationship (II - the next closest cluster), and no relationship (n) system was used. The success factors were arranged by cluster from the best performers (1,2) and worst performers (3,4) on three of the four success measures (**Π**, **R**, **PS**). The cross sell ratio measure (**X95**) generates only two groupings,

namely best performers (1) and worst performers (4). Therefore, these matchings were examined on only two levels: (I - in the same cluster) and no relationship (n).

A summary of the results can be found below in Table H. To highlight some of the more interesting relationships, we begin by examining the table horizontally. There is a definite positive relationship between staff's commitment to quality and all the first three success factors; 76% with **Π** and **R**, 72% with **PS**, and little lower on **X95** 56%. Customer Satisfaction has a slightly lower relationship with **Π** at 64%, **R** at 72%, and **PS** and **X95** at 56%. The Branch Profile results were as expected, consistent with the Customer Satisfaction results. **Π** is at 76% (68% on **II**), **R** is at 72%, and **PS**, 56%. Except in this case, a higher non-relationship exists with the **X95** measure with 68% not matching.. Therefore we conclude that the staff's level of commitment to quality has a strong relationship with all four success factors.

Table H

Crosstabulation Results Of Success Factors Analysis

	Π			R			PS			X95	
level /%	I	II	n	I	II	n	I	II	n	I	n
ΣS	8 32	11 44	6 24	5 20	14 56	6 24	8 32	10 40	7 28	14 56	11 44
CS	2 8	14 56	9 36	5 20	11 44	9 36	5 20	9 36	11 44	14 56	11 44
BP	2 8	17 68	6 24	8 32	10 40	7 28	4 16	10 40	11 44	8 32	17 68

When examining the strongest relationships vertically, the same conclusion is upheld. Π had the strongest relationship with ΣS with 76% of the cases matching. Π also matched with BP in 76% of the cases, however, in 68% of the cases, the matching was at a second level. R matches in 76% of the cases with ΣS , PS with 72% and $X95$ with 56%. $X95$ was at 56% with CS as well. This could be due to the characteristics of the measure. Traditionally, customer satisfaction has been seen as a long term indicator. $X95$ as the market penetration factor is an indication of customer satisfaction. This is validated by the lower number of matchings on $X95$ as compared with ΣS , but it is highest on CS . BP is by definition a short-term measure of the difference in portfolios between one year and the next, therefore, it makes sense that it has no relationship to $X95$.

Summary

Six measures were used to address the following three objectives in the study: (1) management's influence on employees' commitment to quality, (2) management's and employees' commitment to quality correlation with customer satisfaction, and (3) the predictive power of management's and employees' commitment to quality and customer satisfaction on branch profitability. Twenty-five cases were studied in all using data gathered between October 1994 and October 1995.

In the case of Objective #1, the correlation between management's and employees' commitment to quality does not support the findings discussed in Section II. However, when examining Objective #2, appropriate consistencies with similar studies were discovered. Finally, Objective #3, the case of the best predictor of success, appears to be consistent with similar studies. The correlations discovered were not strong enough to argue predictive abilities, yet, the strongest link was observed with ΣS .

No one branch is in the best performance ranking on all of the measures. We attempted to create a branch profile based on high performance on ΣS and CS, and then based on the four success factors (Table H).

Table H

Branch Profile Summary of High Performers per variable

Branch	S	CS	P	R	PS	X95
D	1	1	3	2	4	1
J	1	1	3	3	3	4
S	1	1	4	3	2	1
T	1	1	2	3	3	4
E	2	3	1	2	3	4
W	2	2	1	3	4	4
K	2	3	2	1	2	4
X	2	1	3	2	1	1

These all show very weak relationships. In these cases success seems to be a random occurrence. There is no correlation between commitment to quality, customer satisfaction , and success factors. Management could have no correlation with their employees, contradicting the current studies, because of unanswered factors such as time, how long the management team has been with the unit, how long has each member, etc. Another issue is the amount of time a manager spends on customer service orientation.. Even a manager committed to quality cannot spend all of his time on service quality. Different management styles and skills could also contribute to this discrepancy.

The two other findings are theoretically fruitful in supporting the current research and suggesting hypotheses that could be tested in future research . Commitment to Quality does seem to have a link to Customer Satisfaction, but it is one among many variables. Staff Commitment to Quality also has the most powerful relation with the four success factors.

SECTION V

Discussion

Introduction

This study has attempted to answer three questions. Firstly, does a manager's commitment to quality reinforce the same types of behaviors in his employees? Our findings indicate that management's per branch commitment to quality and employees' per branch commitment to quality have no statistically significant correlation.

The second question became: does a commitment to quality culture lead to customer satisfaction? Our findings indicate that staff commitment to quality has a satisfactory relationship with both customer satisfaction and customer loyalty as demonstrated by high service retention rates.

Finally, the third issue of the single best predictor of measurable success was addressed. Because of the low correlation between ΣS and the success factors and CS and the success factors, we are not able to confirm any predicting powers. However, the ΣS variable has the highest positive relationship with all four success factors.

In order to delve more deeply into discussion of the results and the implications of the findings, this section is organized into two parts: Academic Implications and Implications and Recommendations for Marketing Managers.

Academic Implications

This study represents an initial attempt to describe and quantify the relationship between staff commitment to quality, customer satisfaction, and measurable success. As the analyses have indicated, we are able to prove that two of the three relationships do exist. This implies two significant academic contributions.

This type of study can be taken as positive reinforcement of certain current customer service theories. Firstly, it supports Reyneir and Harker's (1992) findings that customer service representative's perception of service quality is a good indicator of the level of customer satisfaction. Additionally, this study has taken a small step forward by studying the relationship commitment to quality and customer satisfaction have with measurable success factors, thus following in the footsteps of Webster (1993).

The problem that cannot be overlooked is our lack of consistency in Objective #1. This is due to the fact that much research has been done that suggested that management's commitment to quality will help a service organization's ability to deliver high quality service.

Implications and Recommendations for Marketing Managers

The study provides important managerial implications for marketing practitioners. Taken at face value, the findings suggest that a variety of actions must be taken to ensure a “customer first” orientation. The present study illustrates that consumers respond more favorably to a service unit that has a high commitment to quality culture. Managers can help by taking steps to help ensure that customer-contact employees understand their roles and are able take on these roles as service providers.

In addition this study gives direction for hiring practices for service organizations. By developing tests to pick out the potential managers that have the commitment to quality ideology as well as the skills to motivate their employee towards that same ideology, service organizations can achieve better odds in ensuring viable service units.

However, management should try to ensure that the research instruments used in said tests are viable. In this study it must be noted that some of the data collection techniques are questionable. As in the case of the Customer Service questionnaire, the results had little variance with a strong bias towards highly satisfied customers. In order to have continuously believable results the data collection measures must be accurate and objective.

SECTION VI

Conclusion

Limitations and Considerations for Future Study

It is important to recognize three limitations with the present study that may restrict the generality of the research results. The first limitation with the study is that all data was taken at the same period. This was done in order to take the same “snapshot” of each service unit. However, there was a difference between the branches in time that the management team per unit had been in charge of the said service unit and the length of time his team members have been with him. This might be an interesting factor to research as a possible explanation to the variance between each management team’s ability to influence their employees’ actions.

Secondly, in order to make the study as “business” orientated as possible, the customer satisfaction questionnaire data was taken as it was reported by the branches to head office. The researcher had no control over the questions asked, distribution, or collection methods. This could be linked to the lack of variance seen in this data. Therefore, a measure that better reflected the “happy to fill it out” clients and the dissatisfied ones is needed.

A third limitation occurred in that the study took place in a single service industry: a financial institution. While this choice limits the effect of extraneous factors based on industry differences, it may also limit the generalisability of the findings to other service firms. Our efforts to make the cases homogeneous led us to limiting the study to Montreal area branches. This tactic might also be questionable. Obviously, other service firms in other areas must be examined to see if the results can be generalized across the whole service industry.

Finally, the research design itself probably suffers from several limitations. The possibility of socially desirable responses and/or indiscriminate checking of answers for all questionnaires always exists. However, the guarantee of anonymity reduces the likelihood of serious problems. In addition the research is limited to its included variables. A plethora of other factors can affect service delivery, service perception, and profitability. In our particular case, political climate became a factor.

Conclusion

Offering high quality service is a strategy often used by service firms looking to increase and maintain their customer base, but it should be approached with cautious deliberation. The present study is unable to confirm the findings of previous studies, showing that managers do have an influence on their employees' behaviors. However, it does prove that staff commitment to quality has a positive relationship with customer satisfaction and we are able to show that staff commitment to quality has more of a positive relationship with the success factors than do customer satisfaction measures.

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Appendix A

Individual Commitment to Quality

This measure was reworked from Hartline and Ferrell's (1993) adaptation of the 15-item organisational scale of Mowday, Steers, and Porter (1979). The nine item measure asks the management team and their staff to indicate their level of agreement with each statement by using a scale ranging from 1 (strongly agree) to 5 (strongly disagree). Therefore, the higher the score, the stronger the commitment to providing quality services

Management Questionnaire

- 1-I feel strongly about improving the quality of our organisation's services
- 2-I enjoy discussing quality related issues with people in our organisation
- 3-I gain a sense of personal accomplishment in providing quality services to our customers
- 4-I explain to all my employees the importance of providing high quality services to our customers
- 5-I often discuss quality related issues with people outside of our organisation.
- 6-Providing high quality services to our customers should be the number one priority of our organisation
- 7-I am willing to put in a great deal of effort beyond that normally expected in order to help our organisation deliver high quality services to our customers.
- 8-The way I feel about quality is very similar to the way my employees feels about quality
- 9-I really care about the quality of our organisation's services

French Version

- 1-Je me considere l'amelioration du service a la clientele au sein de notre entreprise comme etant une chose capitale
- 2-Je me plais a discuter des aspects touchant le service a la clientele avec autres membres de l'entreprise.
- 3-Je me sens valorisee en fournissant un haut niveau de service a la clientele
- 4-J'ai explique a mes employees l'importance de fournir un service de haut niveau a notre clientele.
- 5-Je discute souvent de service a la clientele avec des gens exterieurs a notre entreprise
- 6-Fournir a notre clientele un haut niveau de qualite du service devrait venir en tete de liste des priorites de l'entreprise
- 7-Je suis prete a fournir un effort au-dela de ce qui m'est demande afin d'aider notre entreprise a atteindre de haut services en regard du service a la clientele
- 8-Ma vision de la qualite est similaire a celle de mes employees
- 9-La qualite du service de notre entreprise me tient beacoup a coeur.

Appendix B

Individual Commitment to Quality

Employee Questionnaire

- 1-I feel strongly about improving the quality of our organisation's services
- 2-I enjoy discussing quality related issues with people in our organisation.
- 3-I gain a sense of personal accomplishment in providing quality services to our customers.
- 4-I have been explained by my superior the importance of providing high quality services to our customers.
- 5-I often discuss quality related issues with people outside of our organisation.
- 6-Providing high quality services to our customers should be the number one priority of our organisation.
- 7-I am willing to put in a great deal of effort beyond that normally expected in order to help our organisation deliver high quality services to our customers
- 8-The way I feel about quality is very similar to the way my superior feels about quality.
- 9-I really care about the quality of our organisation's services

French Version

- 1-Je me considere l'amelioration du service a la clientele au sein de notre entreprise comme etant une chose capitale.
- 2-Je me plais a discuter des aspects touchant le service a la clientele avec autres membres de l'entreprise.
- 3-Je me sens valorisee en fournissant un haut niveau de service a la clientele.
- 4-Je me suis fait expliquer par mon superieur l'importance de fournir un service de haut niveau a notre clientele.
- 5-Je discute souvent de service a la clientele avec des gens exterieurs a notre entreprise .
- 6-Fournir a notre clientele un haut niveau de qualite du service devrait venir en tete de liste des priorites de l'entreprise.
- 7-Je suis prete a fournir un effort au-dela de ce qui m'est demande afin d'aider notre entreprise a atteindre de haut services en regard du service a la clientele
- 8-Ma vision de la qualite est similaire a celle de mon superieur.
- 9-La qualite du service de notre entreprise me tient beacoup a coeur.

Appendix C

Instructional Memo sent with Questionnaires

A: Directeurs/Directrice
DE: Vice President
Date: 6 decembre 1995.
Objet: Une analyse sur le service a la clientele

Une etudiante a l'universite Concordia a demande notre collaboration dans une analyse sur le service a la clientele et l'impact sur la rentabilite de nos succursales. Alors je vous demande de remplir le questionnaire "Gestionnaire" et de faire remplir le questionnaire "Employee" par tous vos employes permanents. Notez que les questionnaires sont bilingues, alors vous et vos employes devriez etre a l'aise pour les completer dans la langue de votre choix.

A cause de l'echeancier du projet je vous demande de les retourner au plus tard le 15 decembre, 1995. Si vous voulez une copie de l'analyse(disponible en anglais seulement), vous avez juste a cocher oui sur votre feuille de retour.

Si vous avez besoin de plus amples informations, n'hesiter pas a me contacter,

Merci a l'avance pour votre collaboration habituelle,

Vice President

NB: Vous trouverez ci-joint 2 copies de questionnaire "Gestionnaire" (en couleur) et 10 copies du questionnaire "Employee" (en blanc). Nous vous suggerons de faire des photocopies si vous avez besoin de plus.

Appendix D
Individual Commitment to Quality Questionnaire Results

MANAGEMENT												EMPLOYEES											
	#	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	M	#	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	E	
A	2	1	1	1	1	3	1	1	4	1	1.56	5	1.6	2.2	1.6	2.2	2.4	1.4	1.8	2	1.6	1.87	
B	2	1.5	1	1.5	1	1.5	1.5	2	1.5	1.5	1.44	4	2.8	3.5	2.8	2.8	3	2	3	3.3	2.5	2.86	
C	1	1	2	1	1	2	1	2	2	1	1.44	6	1	1.3	1	1.8	1.7	1.2	1.5	2.2	1.8	1.5	
D	1	1	1	1	1	1	1	1	1	1	1	4	2	1.5	1.3	1	1.5	1	1.3	1.8	1.3	1.41	
E	1	2	2	1	1	3	3	2	2	2	2	6	1.2	1.7	1.3	1.5	2.7	1.8	1.3	1.5	1.3	1.59	
F	2	1	1.5	1	1.5	2	1	2	2.5	1.5	1.56	4	2.5	2.5	1.5	2.5	2.8	2	1.8	2.3	2.3	2.24	
G	1	1	2	1	2	2	1	1	2	1	1.44	5	1.4	1.8	1.4	2.4	2.4	1	1.6	2.6	1.6	1.8	
H	2	1	2	2	1	3	1	1	2	1	1.56	4	2	2.3	2	1.8	3.3	1.5	1.5	1.8	1.8	2	
I	1	1	1	1	1	1	1	1	3	1	1.22	4	1.4	2.6	1.8	2.4	2.8	1.4	2.2	2.8	1.8	2.13	
J	2	1	1.5	1	1	1.5	1	1	2	1	1.22	3	1	2	1.5	2.5	2	1	2	3	1.5	1.83	
K	2	1	1	1	1	3	1	1	4	1	1.56	5	1.6	2.2	1.6	2.2	2.4	1.4	1.8	1.8	1.6	1.84	
L	1	1	1	1	2	3	2	2	2	1	1.67	6	1.8	2.2	2	2.7	3	1.8	2.5	2.7	2.2	2.32	
M	2	2.5	1.5	1	1.2	2	1	1	1.5	1	1.44	5	1.8	1.8	1.6	1.6	2	1.4	1.8	1.8	1.6	1.71	
N	2	1	1.5	1.5	1.5	2	1.5	1.5	2.5	1	1.56	6	1.3	2	2	2.2	2.2	1.7	2	3	2	2.04	
O	2	1.5	1	1	1	1.5	1	1	2	1	1.22	4	2	2	1.5	2	2.8	1	1.5	2.8	1.3	1.88	
P	1	1	1	2	1	1	1	1	3	2	1.44	4	1.5	2	2.3	2.3	2.5	1.3	1.5	1.3	1.8	1.83	
Q	1	1	1	1	1	3	1	1	1	1	1.22	5	1.4	2	1.6	2	2.8	1.4	2.6	2.4	1.6	1.98	
R	1	1	3	1	1	3	1	2	2	1	1.67	5	1.8	2.4	1.4	1.6	2.8	1.6	2	2.6	1.6	1.98	
S	2	1	1.5	1	1.5	2.5	1	1	2.5	1	1.44	5	1	2	1.5	2.2	2.2	1	1.4	2	1	1.59	
T	1	1	1	1	1	1	1	1	1	1	1	5	1.6	1.6	1.2	1.8	2.4	1.2	1.6	1.8	1.6	1.64	
U	2	1	1	1	1	1.5	1	1	1.5	1	1.11	6	1.5	2	1.7	2	2.8	1.3	2	1.7	1.8	1.87	
V	2	1	1.5	1	1	2.5	1	1.5	1.5	1	1.33	2	2.5	2.5	2.5	2	3	2.5	2	2	2.5	2.39	
W	1	1	1	1	2	2	1	1	2	1	1.33	5	1.2	1.6	1.6	2.2	3	1.2	1.8	2.8	1.4	1.87	
X	1	3	1	1	1	2	1	3	2	2	1.78	6	1.2	1.8	1.7	1.8	2.7	1.2	1.7	1.5	1.7	1.7	
Y	2	1.5	2	1	1	3	1.5	1.5	3.5	1	1.78	5	1.4	2.2	1.6	2	2.8	1	2.2	1.8	1.6	1.84	

Appendix E.1

Question of the Month

Questions

December 94

Did our personnel carry out your transaction efficiently and without error?
Notre personnel effectue-t-il vos transaction efficacement et sans erruer?

January 95

Did the employee carry out your transaction discreetly?
Notre personnel a-t-il agi avec discretion en vous servant aujourd'hui?

March 95

Have our employee offered you any of our banking products and services recently?
Nos produits et services vous ont-ils ete recemment offerts par notre personnel?

April 95

Would you reccomend our institution to your friends?
Recommanderiez-vous notre institution a vos connaissances?

June 95

Do you believe our service fees are competitive?
Selon vous, nos frais de service sont-il concurrentiels?

August 95

Are our automatic banking machine locations convenient for you?
L'emplacement de nos guichets automatiques vous convient-il?

October 95

Do you find our LBC EXPRESS line, 1 800 LBC-1846 useful?
Trouvez-vous pratique notre ligne BLC EXPRESS 1 800 BLC-1846?

Appendix E.2

Question of the Month

Participation Levels (%)

BRANCH	Dec 94	Jan 95	Mar 95	Apr 95	Jun 95	Aug 95	Oct 95	CS
A	0	15	0	0	0	0	0	24.1
B	0	0	5	0	1	0	5	50.8
C	7	8	9	16	6	8	8	39.2
D	10	17	4	25	7	0	5	38.9
E	20	31	20	15	16	17	0	22.7
F	12	7	8	7	5	3	0	85.2
G	20	17	9	13	25	19	9	57.2
H	0	5	0	0	0	0	19	45.1
I	3	8	0	17	2	1	1	27.3
J	6	28	33	17	20	11	9	42.1
K	43	22	12	27	20	9	0	24.1
L	8	7	0	3	3	38	5	55.2
M	37	11	31	22	25	29	30	64.8
N	21	27	31	38	13	19	0	21.2
O	20	9	11	0	8	3	3	14.2
P	5	15	0	14	6	26	22	25.74
Q	15	13	0	0	0	32	114	64.3
R	9	25	5	14	19	8	14	66.1
S	14	21	0	11	0	0	0	41.1
T	31	18	11	40	6	15	7	52.2
U	3	10	9	17	9	21	12	32.6
V	9	7	15	18	3	5	25	29.4
W	7	15	4	0	0	0	0	43.1
X	40	34	48	27	31	37	54	55.7
Y	47	55	67	31	29	47	47	32.2

Appendix F.1

Customer Service Month Questionnaire

- 1-Was the time spent waiting for service acceptable?
- 2-Were you received in a polite and courteous manner?
- 3-Did the employee carry out your transaction or answer your request;
-discreetly?
-correctly?
- 4-Was the employee well informed of the banking products and services?
- 5-Was the time regarding the completion of the transaction acceptable?
- 6-Were you satisfied with the service that you received?

French Version

- 1-Avant d'être servi(e), le temps d'attente a-t-il été acceptable?
- 2-Avez-vous été accueilli(e) d'une manière chaleureuse et courtoise.
- 3-L'employé(e) a-t-il (elle) effectué votre transaction ou demande;
-discretement?
-correctement (sans erreur)?
- 4-L'employé(e) semblait-il (elle) bien informé(e) des produits et des services de la Banque?
- 5-Le temps pour effectuer la transaction a-t-il été acceptable?
- 6-Etes-vous satisfait(e) du service que vous venez de recevoir?

Appendix F.2

Responses

Branch	CS1	CS2	CS3a	CS3b	CS4	CS5	CS6	CS
A	94.38	99.06	99.33	98.92	98.44	98.59	98.59	98.187
B	94.26	99.11	99.28	99.48	99.36	98.99	99.33	98.544
C	96.03	99.77	99.40	99.60	99.22	99.66	99.89	99.081
D	97.32	99.67	99.39	99.74	99.62	100.00	99.89	99.376
E	95.34	98.83	98.67	100.00	99.56	99.41	99.61	98.774
F	97.42	99.54	99.22	99.66	99.83	99.49	99.74	99.271
G	96.06	99.21	99.69	99.65	99.67	99.51	99.71	99.071
H	95.98	99.53	100.00	99.82	100.00	99.54	99.54	99.201
I	94.58	99.12	99.45	99.55	100.00	99.62	99.62	98.849
J	97.60	99.84	99.50	100.00	99.64	100.00	99.84	99.486
K	94.92	97.96	99.51	100.00	98.60	99.13	99.56	98.526
L	97.49	99.30	99.30	99.61	99.27	99.47	99.77	99.172
M	95.70	99.37	99.42	99.73	99.49	99.60	99.71	99.003
N	94.82	98.54	98.87	98.59	99.40	99.33	99.73	98.469
O	92.08	99.31	98.34	99.67	98.90	99.30	99.44	98.149
P	92.99	98.70	98.98	99.34	100.00	98.70	98.69	98.200
Q	95.77	99.28	99.52	99.48	99.55	99.67	99.80	99.010
R	96.50	99.15	98.75	99.29	99.28	99.35	99.55	98.839
S	97.00	99.40	99.53	99.60	99.72	99.40	99.83	99.211
T	95.74	99.67	99.45	100.00	99.72	99.67	99.75	99.143
U	95.22	99.53	99.00	99.47	99.56	99.72	99.16	99.809
V	96.19	99.54	98.94	99.46	99.48	99.54	99.85	99.000
W	95.22	99.61	99.73	99.85	99.39	99.49	99.22	98.930
X	96.87	99.46	99.62	99.69	99.90	99.55	99.15	99.177
Y	95.29	98.94	99.77	99.50	98.38	99.26	99.68	98.689

Appendix G

ΣS vs. CS and BP Results

Branch	ΣS	CS	Match	BP	Match	CS/BP
A	2	4	n	1	II	-
B	4	3	II	2	n	-
C	1	2	II	2	II	*
D	1	1	I	1	I	*
E	2	3	II	2	I	-
F	3	1	n	1	n	*
G	2	2	I	2	I	*
H	3	1	n	2	II	+
I	3	2	II	2	II	*
J	1	1	I	2	II	+
K	2	3	II	3	II	*
L	4	2	n	3	II	-
M	2	2	I	1	II	+
N	3	3	I	3	I	*
O	2	4	n	3	II	+
P	2	4	n	1	II	-
Q	3	2	II	1	n	+
R	3	2	II	3	I	-
S	1	1	I	3	n	-
T	1	1	I	1	I	*
U	2	2	I	2	I	*
V	3	2	II	1	n	+
W	2	2	I	2	I	*
X	2	1	II	4	n	-
Y	3	3	I	4	II	+

Appendix H.1
Branch Profile at October 31st, 1994

Branch	Housholds 94	Accounts	Packages	GIC's	RRSP's & RRIF	Mortgages	Loans	Credit Lines	Visas
A	2655	1874	40	303	219	137	250	67	359
B	1755	1245	43	199	206	116	190	89	306
C	2252	1598	147	382	316	149	236	91	375
D	2303	1590	34	322	293	139	223	65	370
E	2268	1582	40	231	228	211	284	92	383
F	2290	1554	35	197	205	255	267	70	378
G	1784	1266	83	304	262	87	171	112	290
H	1437	977	52	230	137	107	149	60	164
I	2126	1599	25	272	227	162	226	64	259
J	1483	1003	80	204	177	55	150	73	217
K	2844	1848	73	370	347	200	365	102	411
L	3101	1916	106	275	294	95	322	68	334
M	2699	1749	53	407	351	115	203	96	310
N	3544	2466	47	502	499	232	458	159	677
O	5053	3206	46	546	397	173	341	62	460
P	2086	1484	61	394	239	103	163	45	256
Q	2358	1747	18	200	232	98	284	62	312
R	3015	2114	107	451	489	275	381	146	584
S	2842	1987	23	700	474	145	210	94	475
T	2286	1517	115	241	277	109	203	89	325
U	3285	2134	117	354	296	110	381	96	361
V	2228	1456	34	345	206	57	149	50	246
W	1794	1215	55	196	188	127	240	137	285
X	2005	1323	28	318	268	107	196	68	306
Y	2918	1877	26	360	322	143	287	102	429

Appendix H.2
Branch Profiles at October 31st, 1995

Branch	Hhlds 95	Accounts	Packages	GIC's	RRSP's & RRIF	Mortgage	Loans	Credit Lines	Visa
A	2465	1780	275	306	303	130	258	61	530
B	1746	1245	228	245	314	116	232	88	470
C	2262	1622	380	407	431	147	254	88	502
D	2206	1549	273	365	346	132	241	63	501
E	2258	1567	294	293	285	190	270	73	540
F	2197	1548	315	226	258	219	266	64	549
G	1710	1200	223	333	370	85	216	112	383
H	1376	967	190	257	271	109	182	63	267
I	2088	1592	175	335	333	153	235	68	381
J	1429	987	170	226	301	52	127	65	298
K	2728	1790	360	457	563	198	409	111	634
L	2940	1871	332	336	483	101	370	76	562
M	2494	1710	326	432	415	110	203	85	415
N	3465	2430	376	588	717	231	490	173	918
O	4787	3147	387	647	572	156	444	66	767
P	1988	1453	277	417	298	100	184	53	341
Q	2249	1652	283	239	339	94	304	70	456
R	2864	2045	531	482	657	267	400	153	786
S	2682	1918	324	769	666	143	217	112	664
T	2128	1479	355	244	377	113	223	80	457
U	3210	2138	310	422	449	111	457	95	544
V	2063	1370	218	344	280	50	168	47	352
W	1741	1196	247	235	330	132	263	153	448
X	2130	1470	473	385	372	111	214	86	510
Y	2941	1988	420	438	467	150	344	95	716

Appendix H.3
Growth / (Loss) between 1995 and 1994

Branch	Housholds	Accounts	Packages	GIC's	RRSP's & RRIF's	Mortgages	Loans	Credit Lines	Visas
A	-190	-94	235	3	84	-7	8	-6	171
B	-9	0	185	46	108	0	42	-1	164
C	10	24	233	25	115	-2	18	-3	127
D	-97	-41	239	43	53	-7	18	-2	131
E	-10	-15	254	62	57	-21	-14	-19	157
F	-93	-6	280	29	53	-36	-1	-6	171
G	-74	-66	140	29	108	-2	45	0	93
H	-61	-10	138	27	134	2	33	3	103
I	-38	-7	150	63	106	-9	9	4	122
J	-54	-16	90	22	124	-3	-23	-8	81
K	-116	-58	287	87	216	-2	44	9	223
L	-161	-45	226	61	189	6	48	8	228
M	-205	-39	273	25	64	-5	0	-11	105
N	-79	-36	329	86	218	-1	32	14	241
O	-266	-59	341	101	175	-17	103	4	307
P	-98	-31	216	23	59	-3	21	8	85
Q	-109	-95	265	39	107	-4	20	8	144
R	-151	-69	424	31	168	-8	19	7	202
S	-160	-69	301	69	192	-2	7	18	189
T	-158	-38	240	3	100	4	20	-9	132
U	-75	4	193	68	153	1	76	-1	183
V	-165	-86	184	-1	74	-7	19	-3	106
W	-53	-19	192	39	142	5	23	16	163
X	125	147	445	67	104	4	18	18	204
Y	23	111	394	78	145	7	57	-7	287

Appendix I

Success Factors per Branch

Branch	II (spread)	R (\$)	Obj (%) Deposits	Obj (%) Credit	Obj (%) PS	Cross Sell Ratio (#)'94	Cross Sell Ratio (#)'95
A	3.86	26998	(275.2)	(228.7)	121.73	2.79	2.83
B	3.70	27987	(397.2)	(69.7)	134.46	2.76	2.83
C	3.30	28175	(36.5)	152.2	117.27	2.91	2.94
D	3.37	26364	(108)	(143)	84.24	2.91	2.96
E	4.29	26852	(229.5)	(366.9)	101.06	2.79	2.84
F	3.36	24162	(349.5)	(428.3)	102.75	2.75	2.84
G	3.19	20624	(10.2)	(16.7)	85.34	2.92	3.03
H	3.52	29049	(55.1)	(55.4)	102.30	2.70	2.75
I	3.26	26802	(41)	156	96.96	2.68	2.76
J	3.15	23754	(161.5)	(84)	102.09	2.82	2.78
K	3.87	37024	(130.9)	(74.1)	120.80	2.83	2.89
L	3.69	22939	(92.5)	(244)	102.09	2.74	2.83
M	3.33	20240	(233.5)	(89.4)	83.20	2.92	3.00
N	3.69	27290	(60)	(77)	97.298	2.97	3.00
O	3.69	22939	(10.8)	(447.5)	139.14	2.46	2.50
P	3.27	28838	(161)	(84)	91.90	2.88	2.98
Q	3.03	29309	(45.6)	(46.1)	93.62	2.71	2.82
R	2.61	27369	(677.3)	(266.6)	136.88	3.16	3.31
S	2.58	24941	(538.9)	(147.1)	120.99	2.92	3.00
T	3.62	25210	(242.8)	(31.3)	99.10	2.81	2.89
U	3.43	23007	(262.8)	(37.8)	102.26	2.69	2.73
V	3.02	26701	(426)	(288)	75.91	2.69	2.80
W	4.09	24633	(374.2)	(.1)	81.82	2.79	2.91
X	3.41	29716	123	81	187.58	2.98	3.20
Y	3.26	27402	(13.1)	(14.8)	140.94	2.82	2.89

Appendix J

ΣS, CS, and BP vs. Success Factors Results

Branch	Success Factors - Ranks					Staff Commitment					Customer Satisfaction CS					Branch Profile					BP	Rank	
											Match												
	P	R	PS	X94	X95	Rank																	
A	2	2	2	4	4	2	I	I	I	n	n	4	n	n	n	I	I	1	II	II	II	n	n
B	2	2	2	4	4	4	n	n	n	I	I	3	II	II	II	I	I	2	I	I	I	n	n
C	3	2	2	1	1	1	n	II	II	I	I	2	II	I	I	I	I	2	II	I	I	I	I
D	3	2	4	1	1	1	n	II	n	I	I	1	n	II	n	I	I	1	n	II	n	I	I
E	1	2	3	4	4	2	II	I	II	n	n	3	n	II	I	I	I	2	II	I	II	n	n
F	3	3	3	4	4	3	I	I	I	I	I	1	n	n	n	n	n	1	r	n	n	n	n
G	3	4	4	1	1	2	II	n	n	I	I	2	II	n	n	I	I	2	II	n	n	I	I
H	2	2	3	4	4	3	II	II	I	I	i	1	II	II	n	n	n	2	I	I	II	n	n
I	3	2	3	4	4	3	I	II	I	I	I	2	II	I	II	n	n	2	II	I	II	n	n
J	3	3	3	1	4	1	n	n	n	I	n	1	n	n	n	I	n	2	II	II	II	I	n
K	2	1	2	1	4	2	I	II	I	I	n	3	II	n	II	n	I	3	II	n	II	n	I
L	2	3	3	4	4	4	n	II	II	I	I	2	I	II	II	n	n	3	II	I	I	I	I
M	3	4	4	1	1	2	II	n	n	I	I	2	II	n	n	I	I	1	n	n	n	I	I
N	2	2	3	1	1	3	II	II	I	n	n	3	II	II	I	n	n	3	II	II	I	n	n
O	2	3	2	4	4	2	I	II	I	n	n	4	n	II	n	I	I	3	II	I	II	i	I
P	3	2	3	1	1	2	II	I	II	I	I	4	II	n	II	n	n	1	n	II	n	I	I
Q	3	2	3	4	4	3	I	II	I	I	I	2	II	I	II	n	n	1	n	II	n	n	n
R	4	2	2	1	1	3	II	II	II	n	n	2	n	I	I	I	I	3	II	II	II	n	n
S	4	3	2	1	1	1	n	n	II	I	I	1	n	n	II	I	I	3	II	I	II	n	n
T	2	3	3	4	4	1	II	n	n	n	n	1	II	n	n	n	n	1	II	n	n	n	n
U	3	3	3	4	4	2	II	II	II	n	n	2	II	II	II	n	n	2	II	II	II	n	n
V	3	2	4	4	4	3	I	II	II	I	I	2	II	I	n	n	n	1	n	II	n	n	n
W	1	3	4	4	4	2	II	II	n	n	n	2	II	II	II	n	n	2	II	II	II	n	n
X	3	2	1	1	1	2	II	I	II	I	I	1	n	II	I	I	I	4	II	n	n	n	n
Y	3	2	2	1	1	3	I	II	II	n	n	3	I	II	II	n	n	4	II	n	n	n	n