



THE EFFECTS OF DEMOGRAPHIC FACTORS ON PERCEIVED CUSTOMER SATISFACTION BETWEEN PUBLIC AND PRIVATE BANKS: TURKEY EXAMPLE

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Abstract

The aim of this research is to investigate the effects of demographic factors on perceived customer satisfaction between public and private banks in Turkey. To achieve this aim we conducted a survey among the six geographic regions in Turkey. We choose the biggest cities of these regions for sample (İstanbul, İzmir, Ankara, Antalya, Kahramanmaraş and Sinop). We used a composite scale, which were used for several studies (SERVQUAL, Parasuraman, Zeithalm and Berry (1985) Wu ve Liang (2009)). One hundred surveys are gathered from each city. Totally 600 surveys were returned. We conduct analyses with the SPSS 20.0 program. Explanatory factor analyses, t-tests, correlation and regression analyses were conducted. As a result, we found that, selection had a positive and significant relation with Competence and Credibility. In addition, gender had a positive and significant relation with Accessibility and negative relation with Sensitivity. Moreover, age and marital status had positive and significant relation with Credibility.

Keywords: Customer, satisfaction, demographics

INTRODCUTION

The best way to gain competitive advantage is to offer a better service or satisfy the customer needs. To measure the service quality is harder than the measuring the product quality. However, the companies had to measure the service quality in order to understand the customer needs. This only can happen by measuring the customer satisfaction [1]. The service quality research mainly focus on the operational way of customer satisfaction as well as the evaluation of what actually motivated customers

to be satisfied with the service they received at different establishments [2]. Banking sector can be remarkably competitive market. Banks are not only challenging each other based on product innovation and service coverage. They are also trying to improve their marketing strategy as well since their products and services are easy to be copied. Although the marketing strategy is important, it is not the only factor that shows bank's long-term achievement [3].

LITERATURE REVIEW

Customer Satisfaction

Customer satisfaction is considered as main factor determining organization's accomplishment in today's competitive market place[4]. From the last two decades customer satisfaction is the main discussion between developed countries

organizations. Customer satisfaction is main actor who determines the profit rate and market share depends on customer loyalty [5]. Customer satisfaction has great variety of definitions; these definitions do share three common components: (1) response; (2) particular focus and (3) particular time [6]. It is accepted as a key factor of customer decision to stay or leave the organization. Because of its importance, a range of theories and models has



been developed in an effort to define the construct and explain satisfaction in different products or services. For this banking business, consistent with previous studies [7] [8] [3]. We focus on the overall customer satisfaction on the all encountered services rather than satisfaction on a precise operation. This customer satisfaction is evaluated based on the cumulative satisfaction associated with services and various facets of that bank in the long run [9][7][10] [11]. Customer satisfaction information can act as an indicator of future firm earnings (enhanced and accelerated future cash flows) [12]. The literature has largely supported the perception that the satisfaction of customers may be more closely linked to the firm's potential market share when it is benchmarked with the satisfaction delivered by alternative suppliers rather than calculated value [13].

2. Customer Satisfaction at Banking Sector

Banks are getting bigger and go beyond the borders, offering a varied portfolio of competitive services and restructuring their services in order to adapt to spinning technology and to satisfy the changing needs of customers [14]. In accordance with the service function, one of the important responsibilities of the banks is offering the opportunities and the advices to its customers about their income management [15].

From succeeding studies, researchers found that customer perceptions of service quality and levels of satisfaction are associated with individual tolerance levels. They concluded that if a service is provided within an adequate quality, a customer is tend to be satisfied with both the service and the service source [2]. Researches has demonstrated that service quality enhancement efforts result in improved objective service quality which in turn enhances perceived customer satisfaction [16][17][18].

Because of its importance, a range of theories and models has been developed in an effort to define the construct and explain satisfaction in different products or services. For this banking business, consistent with previous studies [2][10][19][3]. Parasuraman and friends had evaluated the surveys by factor analyses and they found five dimensions and named it as SERVQUAL. The five dimensions were as follows: physical appearance, dependability, eagerness, sensitivity and competence [20]. We focus on the overall customer satisfaction on the all

encountered services rather than satisfaction on a specific transaction and demographic differences especially on selection (Private or Public banks). In order to test our assumptions we developed following hypotheses.

HYPOTHESES

We developed following hypotheses,

- H1: There is a relationship between age and perceived satisfaction
- H2: There is a relationship between gender and perceived satisfaction
- H3: There is a relationship between marital status and perceived satisfaction
- H4: There is a relationship between education and perceived satisfaction
- H5: There is a relationship between selection and perceived satisfaction

METHOD

Research Goal

In this research, we aim to investigate the relationship between the effects of demographics on perceived satisfaction among customers. To test the assumption one scale was conducted.

Sample and Data Collection

The contributors in the current study comprised public sector banks and private sector banks in Turkey. The sample was consisted of six big cities at six geographic regions in Turkey. Randomly selected 100 private and public bank customers in each six city were the sample of this study. Questionnaires were spread by the researcher to every participant in different sessions in all of cities (İstanbul, İzmir, Ankara, Antalya, Kahramanmaraş and Sinop). When the returned questionnaires were examined, 4 were invalid. As a result, a total of 600 valid responses were used in the research.

The samples included 236 (39,3%) female and < 364 (60,7%) male volunteers. Their education level was; 132 (22,0%) elementary school, 128 (19,7%) junior high, 181 (30,2%) high school, and 148 (24,7%) University and 21 other (3,5%). 399 of them were married (66,5%) and 201 of them were single (33,5%). 351 of the participants selected private banks (58,5%) and 249 of them selected public banks (41,5%).



Demographics	n	%
Age		
24-	63	10,5
25-35	188	31,9
36-46	217	36,2
46 - ↑	132	22,0
Gender		
Male	364	60,7
Female	236	39,3
Marital Status		
Married	399	66,5
Single	201	33,5
Education		
Elementary school	132	22,0
Junior High	128	19,7
High School	181	30,2
University	148	24,7
Other	21	3,5
Selection		
Private	351	58,5
Public	249	41,5
Sum	600	100

Table-1 Demographics

Analyses and Results

Data produced in this study were collected by survey. The survey consisted of two measures. In the first part questions about the demographic characteristics of participants, in the other part questions designed to measure the “perceived satisfaction” were asked. Perceived satisfaction was measured by the scale, which were used for several studies [21][22](SERVQUAL, Parasuraman, Zeithalm and Berry (1985) Wu ve Liang (2009), . The measure included 21 items, each item was answered through a five-point Likert scale ranging from “1=very frequently” to “5=never.” In the present study, the Cronbach’s alpha coefficient for the scale was .84.

The Validity of the Measures:

To ensure the validity and reliability of the study variables, explanatory factor analysis was conducted by using SPSS software. The “customer satisfaction” measure produced four factors upon factor analysis. The first factor named “Competence”, explained 21,284% of the total variance. The second factor was named “Credibility” and it explained 17,881% of the variance. The third factor “Sensitivity” with a variance of 15,328%. The last factor named “Accessibility” and it explained 15,169% of the variance. The factors all together explained 69.66% of the variance. KMO Bartlett's Test of Sphericity was 0.702.

Perceived Satisfaction				
	Competence	Credibility	Sensitivity	Accessibility
Q2	,770			
Q3	,751			
Q6	,731			
Q7	,694			
Q10		,844		
Q11		,790		
Q12		,706		
Q19			,893	
Q18			,893	
Q16				,919
Q17				,889

Table-2 Perceived Satisfaction Factor Analysis

The correlations between research variables and demographics listed below in Table 3. There is a positive relationship between “Competence”, “Credibility” and “Selection”. There is a positive relationship between “Credibility” and “Age”. There is a positive relationship between “Accessibility” and “Gender”. There is a negative correlation between “Sensitivity” and “Gender”. We also found that, there is a positive relationship between “Selection”, “Age” and “Education”, there is a positive relationship between “Gender”, “Education”, “Job” and negative correlation between “Age” and “Income”. There is a positive relationship between “Age” and “Income” and negative correlation between “Education” and “Marital Status”. In addition, there is a positive relationship between “Education”, “Income”, “Job” and “Marital Status”. There is a positive relationship between “Job” and “Marital Status” and there is a positive relationship between “Income” and “Marital Status”.



Scale	1	2	3	4	5	6	7	8	9	10	11
1. Selection	(.89)										
2. Gender	.6	(.90)									
3. Age	.14**	-.08*	(.91)								
4. Education	.10*	.14**	-.25**	(.88)							
5. Job	.49	-.16**	.19	.34**	(.81)						
5. Income	-.34	-.17*	.17**	.30**	.01	(.81)					
7. Marital Status	-.26	.05	-.80**	.24**	.11**	-.96*	(.81)				
8. Competence	.21**	-.00	.06	-.02	-.02	-.00	.04	(.79)			
9. Credibility	.12*	-.02	.14**	.00	-.02	.00	.02	.11	(.81)		
10. Sensitivity	-.02	-.08*	.02	.00	.03	-.03	.03	.00	.02	(.81)	
11. Accessibility	-.02	.12**	-.03	-.00	.05	-.04	.00	.01	.00	.00	(.84)

, *p<0,05 **p<0,01

Table-3 Correlation Analyses

To explore whether the independent variables had a significant impact on the dependent variables, T-tests and regression analyses were conducted. Table-4 shows the analyses results for the relationship between gender and perceived satisfaction factors.

Sensitivity Factor

Gender	N	X	MD	t	p
Male	364	.068	1,01		
Female	236	-.106	.966	2.1	.03

Table-4 T-test results

An independent-samples t-test was conducted to compare perceived satisfaction factors with gender. For the Sensitivity factor, there was a significant difference in the scores for male (M=.068, SD=2.87) and female (M=-.106, SD=.96) conditions; t =2.1, p = 0.03. These results suggest that gender really does have an effect on perceived sensitivity. Specifically, our results suggest that male customers were more sensitive than females.

Competence Factor

Selection	N	X	SD	t	p
Private	351	-.177	.951		
Public	249	.250	1,01	-5,28	.000

Credibility Factor

Selection	N	X	SD	t	p
Private	351	-.103	.956		
Public	249	.153	1,04	-3,02	.003

Table-5 T-test results

An independent-samples t-test was conducted to compare perceived satisfaction factors with choice (public or private). For the Competence factor, there was a significant difference in the scores for private banks (M=-.0177, SD=.95) and public banks (M=.250, SD=1.01) conditions; t =-5.28, p = 0.000. For the Credibility factor, there was a significant difference in the scores for private banks (M=-.103, SD=.95) and public banks (M=.145, SD=1.04) conditions; t =-3.020, p = 0.003. These results suggest that gender really does have an effect on perceived sensitivity. Specifically, our results suggest that customer choice on private and public banks were effective on both competence and credibility



factors. We could say that public banks were superior to private banks.

To explore whether the independent variables had a significant impact on the dependent variables, hierarchical regression analyzes were conducted. Table-6 shows the regression analysis results for each perceived satisfaction dimension. In the regression analysis, demographic variables (selection, education, age and gender) were entered to control their effects, after which competence, credibility, sensitivity and accessibility. The results show that, selection had a positive and significant relation with Competence and Credibility. In addition, gender had a positive and significant relation with Accessibility and negative relation with Sensitivity. Moreover, age and marital status had positive and significant relation with Credibility.

Dependent	Competence	Credibility	Sensitivity	Accessibility
	β	β	β	β
Selection	,208***	,094*	-,024	-,030
Gender	-,010	-,013	-,101*	,114*
Age	,053	,181***	,019	-,029
Education	-,034	,040	,032	-,029
Marital Status	,070	,104*	-,290	-,019
ΔR^2	,052	,043	,013	0,019
ΔF	4,654	3,844	1,101	1,644

*p<0,05 **p<0,01 ***p<0,001

Table-6 Hierarchical Regression Analyses

As a result of the analyses, hypotheses H1 (There is a relationship between age and perceived satisfaction) and H2 (There is a relationship between gender and perceived satisfaction), H3 (There is a relationship between marital status and perceived satisfaction) and H5 (There is a relationship between selection and perceived satisfaction) were partially accepted, H4 (There is a relationship between education and perceived satisfaction) was rejected.

CONCLUSION

Trough the last decade, enabling customer satisfaction is getting harder. The needs and demands

are always shifting. Banking sector speaks financial language which most of the customers does not, and if the customer satisfaction has to be achieved, an interpretation is unavoidable. Banks should place resources for the delivery of special customer service. The aim of research is to explain the relationship between the demographic variables and perceived satisfaction. The results showed that perceived satisfaction consisted of four factors upon factor analysis. The first factor named “Competence”, second factor was named “Credibility”, third factor “Sensitivity” and the last factor named “Accessibility”. As a result of the correlation analyses we found that, there is a positive relationship between “Competence”, “Credibility” and “Selection” and a positive relationship between “Credibility” and “Age”. There is a positive relationship between “Accessibility” and “Gender”. There is a negative correlation between “Sensitivity” and “Gender”.

T-tests showed that, gender really does have an effect on perceived sensitivity. Specifically, our results suggest that male customers were more sensitive than females. In addition, results suggest that customer choice on private and public banks were effective on both competence and credibility factors. We could say that public banks were superior to private banks. According to the results of regression analyses, we found that selection had a positive and significant relation with Competence and Credibility, gender had a positive and significant relation with Accessibility and negative relation with Sensitivity and age and marital status had positive and significant relation with Credibility.

The main finding of this study is the relation between competence and credibility with selection. This result leads us to idea that, customer satisfaction had a broad spectrum but several of them are more important. For instance, competence is the key factor in today’s fast moving market. That term causes the feeling of trust on customer and that link the customer to the loyalty. The present study also argued that selection variable could change on type of banks, such as private or public. As a result of t-tests, customers preferred the public banks to private ones’. we consider that the main reason behind this idea was the idea of trust (competence) and credibility. Especially, the government power could be effective on this idea. Other findings of regression analyses showed us that, age was positively related with credibility. The younger customers were tending to



act more aggressively about their investments. However, elder customers were more careful and thinker twice before act. Credibility is a important qualification for a bank especially from the customers eyes. Elder customers could be experienced more unlikely situations and that is why the building a “safe house” idea on them is much harder.

Without any doubt, these findings are limited by the sample and the assessment instruments used in the present study. This research conducted on banking sector employees in Turkey; the findings might not be transferable to other organizations. Thus, it is recommended that further researches can be conducted on different sectors and in different countries for the generalizability of the results.

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