

SMALL AND MEDIUM-SIZED ENTERPRISES' SATISFACTION WITH BANKS' BUSINESS-ORIENTED SERVICES

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Abstract

Purpose – the purpose of this paper is to investigate the impact of quality, variety, accessibility and price of banking services on small and medium-sized companies' satisfaction with banks' business-oriented services. This paper presents a regression equation of SMEs satisfaction with banks' services, indicating the weight of each statistically significant factor in the overall SMEs satisfaction with the commercial banks' services for business.

Design/methodology/approach – an empirical study, investigating the influence of quality, variety, accessibility and price of banking services on SMEs' satisfaction with business-oriented services, was conducted. A sample of 405 small and medium-sized companies' employees was used for the survey.

Findings – the results of the research show that price, accessibility and quality of banking services have a direct positive influence on the satisfaction of SMEs with commercial banks' business-oriented services. However, the variety of banking services is not a statistically significant element and did not have an impact on the SMEs' satisfaction with banks' services for business. Moreover, it was found that the price and accessibility of banking services have a positive relationship with the quality of banking services.

Research limitations/implications – this research was conducted in small and medium-sized companies' sector and the results of the survey cannot be used to interpret the satisfaction of other business sectors with banking services.

Practical implications – the findings suggest that banks can create SMEs' satisfaction with business-oriented services through improving accessibility, quality and price of banking services in the way that best meets customers' needs.

Originality/Value – satisfaction with the banking services concerning SMEs is an important factor influencing the success of commercial banking activities. The present study provides useful information on the factors influencing SMEs' satisfaction with banking business-oriented services.

Keywords: banking services, satisfaction, commercial banks, small and medium-sized enterprises (SME), regression analysis.

Research type: research paper.

Introduction

Customers' satisfaction with banking institutions has been recognized as the important factor, which has an impact on increasing business profit (Gupta and Dev, 2012). According to Amin's et al. (2013) research, satisfaction has a significant connection to the bank's image. What is more, there are scientists claiming that customers' satisfaction is one of the key elements that affects customers' loyalty (Kitapci et al., 2013; Kantsperger and Kunz, 2010; Vegholm and Slver, 2008, etc.) and trust (Loureiro et al., 2014; Yap et al., 2012; Žvirelienė and Bičiūnienė, 2008, etc.).

One of the most important commercial banks' customers' groups is small and-medium sized enterprises, as it is considered to be one of the most promising sectors of Lithuanian economy (Adamonienė and Trifonova, 2007). Madill et al. (2002) confirm that the more satisfied SME customers are, the less likely the SME will change the bank. Hence, small and medium-sized enterprises' satisfaction with banks' business-oriented services is examined in this paper. Consequently, the object of the research is assessing small and medium-sized enterprises' satisfaction with banks' business-oriented services. Therefore, the aim of the research is to create a model measuring satisfaction of small and medium-sized enterprises with banks' business-oriented services. The following objectives are settled: to analyse statistical data of satisfaction of small and medium-sized enterprises with banks' business-oriented services; to carry out a correlation analysis of the data to determine the strength and direction of the relationship; to create a model to measure satisfaction of small and medium-sized enterprises with banks' business-oriented services.

Conceptual background and hypothesis development

There are many different factors influencing satisfaction of small and medium-sized enterprises with banks' business-oriented services. The following elements are selected for present research (Mačerinskienė and Skvarciany, 2012):

- quality of banking service;
- variety of banking services;
- accessibility of banking services;
- price of banking services.

Satisfaction with the price of banking services

A lot of surveys investigating price satisfaction and overall customer satisfaction relationship were conducted within the last years. Actually, researchers have found that satisfaction with service's price has a positive impact on overall customer satisfaction and loyalty (Matzler et al., 2005; Parahoo, 2010). Yanamandram and White (2010) distinguish unfair price as the main reason of customers' dissatisfaction with financial services. What is more, Lymperopouls et al. (2012) claim that „bank customer intentions to switch banks are affected by the level of their price satisfaction“. According to Matzler et al. (2007)

price satisfaction is a multidimensional construct having a strong and significant impact on overall price satisfaction. Consequently, the results of previous studies led to the following hypothesis:

H₁: Satisfaction with the price of banking services has a positive relationship with an overall small and medium-sized enterprises’ satisfaction with banks’ business-oriented services.

Satisfaction with the accessibility of banking services

Nowadays rhythm of work of small and medium-sized companies’ employees is becoming faster. Therefore convenient location of bank branches gives customers’ comfort. Gupta and Dev (2012) say that the access of banking institution is distinguished as one of the possible reasons of customers’ bank switching. Scholars differentiate four items included in the accessibility factor, which are as follows: the location of the branches of the bank is convenient; sufficient parking space is available; convenient working hours of the bank and the location of ATMs is fitting. For instance, Singh (2011) claims, that if banks provide the proper functioning of ATMs, customer satisfaction will be significantly higher. Therefore, the following hypothesis has been developed:

H₂: Satisfaction with the accessibility of banking services has a positive relationship with an overall small and medium-sized enterprises’ satisfaction with banks’ business-oriented services.

Satisfaction with the quality of banking services

Many scientists claim that customers’ satisfaction with the service quality is one of the most important determinants that influence an overall customers’ satisfaction (Aga and Safakli, 2007; Lenka et al., 2009; Chigamba and Fatoki, 2011; Chen et al., 2012). According to Fatima and Razzaque (2014) customers are more likely to have good relations with employees, who provide good quality of services to make customers more satisfied. Actually, scholars indicate different factors influencing customers’ satisfaction with banking service quality. It can be said, that nowadays one of the most important banking service quality dimensions is an online banking service. For example, according to Rod et al. (2008) overall internet banking service quality, which includes online customer service quality, banking service’s product quality, has a positive effect on customer satisfaction. On the basis of survey made by Bahia and Nautel’s (2000), accessibility and the price of banking services are the factors having an impact on banking service quality. Bizri (2014) maintains that accessibility and convenient location are an essential factor influencing customer patronage. Hence, the results of these studies led to the development of the following hypotheses:

H_{3a}: Satisfaction with the price of banking services has a positive relationship with the quality of banking service.

H_{3b}: Satisfaction with the accessibility of banking services has a positive relationship with the quality of banking service.

H₄: Satisfaction with the quality of banking services has a positive relationship with an overall small and medium-sized enterprises’ satisfaction with banks’ business-oriented services.

Satisfaction with the variety of banking services

There are scientists claiming that the variety of banking services is one of the factors which influence the customers’ decision of commercial bank choice. For instance, Kaynak and Whiteley (1999) claim that the variety of services offered by bank is one of the key factors influencing the patronage tendencies and the behavioural patterns of bank customers. Moreover, according to the survey conducted by Jasiene and Staroselskaja’s (2010), 33% of respondents noted that the variety of banking services has an impact on their decision making. The research was made in Lithuania and therefore, it can be said that assortment of services provided by banks is important for the clients in the country. Hence, the following hypothesis was developed:

H₅: Satisfaction with the variety of banking services has a positive relationship with an overall small and medium-sized enterprises’ satisfaction with banks’ business-oriented services.

Methodology

The survey was conducted in Lithuania. The method of questionnaire was used for the research. All the respondents were small and medium-sized companies’ managers, such choice was made in order to gain insight of SMEs’ opinion on researched questions. Data was collected using electronic survey system. In order to provide the representativeness of the results, 400¹ employees of small and medium-sized companies had to be interviewed. In fact, 405 of the distributed questionnaires were returned. All of the data was included in the analysis.

¹ The number of respondents was calculated using the formula:

$$n = \frac{1}{\Delta^2 + \frac{1}{N}}$$

where:

n – sample size;

N – number of employees of small and medium-sized companies in Lithuania;

Δ – margin of error ($\Delta = 0,05$).

Applying the formula:

$$n = \frac{1}{0,05^2 + \frac{1}{636000}} \approx 400.$$

According to statistics (2013), the number of employees of small and medium-sized enterprises in Lithuania was 636000.

Empirical Findings

Firstly, it is necessary to establish the strength of the relationship between satisfaction with banks’ business-oriented services and factors influencing it. Correlations between variables are presented in Table 1. Really, all the correlation coefficients are quite strong and it is an evident that all the variables are related to overall satisfaction of small and medium-sized enterprises with banks’ business-oriented services. Actually, it means that all the variables are directly proportional to the satisfaction with banks’ business-oriented services.

Table 1. Correlation coefficients of the factors influencing satisfaction of small and medium-sized enterprises with banks’ business-oriented services

Banks’ business-oriented services	Overall satisfaction with bank’s business-oriented services (Pearson <i>r</i>)
Quality of banking services	0,600
Variety of banking services	0,475
Accessibility of banking services	0,570
Price of banking services	0,467

Secondly, the support of the hypotheses should be tested. The information provided in Table 2 shows that SMEs’ employees satisfied with the price of banking services tend to feel an overall satisfaction with banking services towards small and medium-sized companies. This supports the hypothesis H_1 ($p < 0,005$). Actually, according to the regression analysis, satisfaction with the price of banking services has the least influence on overall satisfaction. The accessibility has a positive relationship with an overall satisfaction with banks’ business-oriented services and this supports the hypothesis H_2 ($p < 0,005$). What is more, satisfaction with the price of banking services has a positive impact on satisfaction with the quality of banking services provided to SMEs. This supports the hypothesis H_{3a} ($p < 0,005$). Satisfaction with the accessibility of banking services also has a positive effect on satisfaction with the quality of banking services and, consequently, this supports the hypothesis H_{3b} ($p < 0,005$). Satisfaction with the quality of banks’ provided services for business has a positive impact on overall satisfaction which supports the hypothesis H_4 ($p < 0,005$). What is more, according to the regression analysis, banking service quality is identified as the factor having the greatest impact on overall satisfaction with services provided for SMEs. The satisfaction with variety of banking services, however, appears to be non-significant and does not support the hypothesis H_5 ($p > 0,005$).

Table 2. Results of the hypotheses testing

Hypotheses	<i>p</i> -value*	Results
<i>H</i> ₁ : Satisfaction with the price of banking services has a positive relationship with an overall small and medium-sized enterprises’ satisfaction with banks’ business-oriented services.	0,000	Supported
<i>H</i> ₂ : Satisfaction with the accessibility of banking services has a positive relationship with an overall small and medium-sized enterprises’ satisfaction with banks’ business-oriented services.	0,000	Supported
<i>H</i> _{3a} : Satisfaction with the price of banking services has a positive relationship with the quality of banking service.	0,000	Supported
<i>H</i> _{3b} : Satisfaction with the accessibility of banking services has a positive relationship with the quality of banking service.	0,000	Supported
<i>H</i> ₄ : Satisfaction with the quality of banking services has a positive relationship with an overall small and medium-sized enterprises’ satisfaction with banks’ business-oriented services.	0,000	Supported
<i>H</i> ₅ : Satisfaction with the variety of banking services has a positive relationship with an overall small and medium-sized enterprises’ satisfaction with banks’ business-oriented services.	0,087	Not supported

*Results supported at the significance level of $p < 0,005$.

According to the results of the analysis the model of an overall small and medium-sized enterprises’ satisfaction with banks’ business-oriented services was created (see Figure 1).

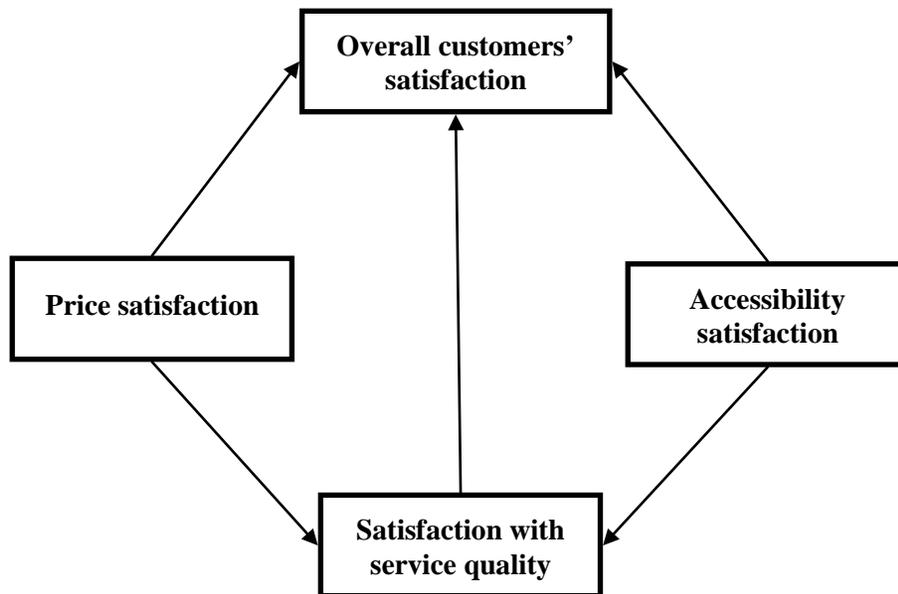


Figure 1. The model of the formation of small and medium-sized enterprises’ satisfaction with banks’ business-oriented services

The model shows the relations between the price, the service’s quality, the accessibility of banking services and overall satisfaction with banking services.

Moreover, the result of the analysis is a linear regression specified by the equation (1) assigning weights of various variables according to their importance in defining the relationship between the overall satisfaction (dependent variable) and the price, the accessibility, the quality (independent variables).

$$\begin{aligned} \text{Overall customers' satisfaction} &= \\ &= 0,265 + 0,373 \text{ quality} + 0,276 \text{ accessibility} + 0,168 \text{ price} \end{aligned} \quad (1)$$

Conclusions

Analysing scientific literature regarding satisfaction of small and medium-sized enterprises’ satisfaction with banks’ business-oriented services, it has been found that satisfaction is one of the vital elements in relationships’ of bank and SMEs formation. Three factors influencing the satisfaction of small and medium-sized enterprises with banks’ business-oriented services were investigated and the regression equation was created. It was found that all the variables in the regression equation are statistically significant. What is more, it can be said that the quality of banking services is a factor having a major impact on the satisfaction of small and medium-sized enterprises with banks’ business-oriented services. In addition, it was also found that the variety of banking services is statistically insignificant element that has almost no influence on satisfaction of small and medium-sized companies with banks’ business-oriented services. Actually, the regression analysis showed that overall satisfaction of small and medium-sized enterprises with banks’ business-oriented services is a compilation of the quality, the accessibility and the price of banking services towards SMEs. Besides, during the study it was noted that the price and accessibility of banking services have a positive effect on the quality of banking services.

According to the research results it could be said that to enhance an overall SMEs satisfaction with banks’ business-oriented services, commercial banks should pay more attention to the quality of e-banking web sites. In fact, the e-banking system has to be simple and convenient to use. The information provided on the web site should be easy to understand, easy to find and ought to provide particular steps for using e-banking system. Apart from that, the quality of services provided by banks’ employees is important as well. In reality, bank staff members should always raise their qualification by attending workshops and courses to follow the latest updates of the field they work at as it helps to give the newest and the most important information to the clients. Furthermore, it might help to avoid the information asymmetry. Moreover, to increase customers’ satisfaction it is important to offer a competitive price. Actually, the price has to reflect the quality of the product and include the provision of all necessary information about the product and after-sales service as it can ensure long-term relationship building with the consumers. What is more, to improve an overall SMEs satisfaction with commercial banks, accessibility of the banks’ services ought to be ensured. In fact, banks’

branches have to be easily reachable for customers as quick services provision may cause SMEs to be more competitive and, hence, more successful.

To sum up, it becomes clear that commercial banks should make efforts to improve all the variables that have an impact on satisfaction of small and medium-sized enterprises with banks’ business-oriented services, as business-oriented services are considered to be a very important determinant that influences an overall customers’ satisfaction with the bank and the financial results of the bank itself.

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