

## SMALL AND MEDIUM-SIZED COMPANIES' SATISFACTION WITH BANKS' SERVICE QUALITY

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### Abstract

This paper studies the scientific approaches of customer satisfaction and determinants influencing an overall customer satisfaction. Analyzing the concepts of satisfaction, it was found that the greatest impact on customer satisfaction with commercial banks has the service quality. Also the elements influencing the service quality were identified and investigated. These elements were as follows: understanding the business environment, commuting, flexibility, communication skills, interest in small and medium-sized businesses, speed of decision-making, responding to customer needs, awareness, level of expertise, reliability. After statistical investigation it was found that only understanding the business environment, flexibility, communication skills and level of expertise are statistically significant elements. As a consequence, the regression model of small and medium-sized companies' satisfaction with commercial banks' services' quality was established.

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**Keywords:** Service quality, customer satisfaction, commercial banks, small and medium-sized companies

### Introduction:

Assessing customer satisfaction is a vital element in any strategy for service-led business performance improvement (Jones, 1996). Therefore, customer satisfaction is important for banking business success. According to Kaura (2013) the survival of banks depends on customer satisfaction. Al-Eisa and Alhemond (2008) claim, that winning customer satisfaction through superior service has become an effective strategy that service providers in general and retail banks in particular diligently strive to pursue. Customer satisfaction is a significant indicator for customer loyalty (Pont, Mcquiken, 2005) and company's future profit (Cengiz, 2010).

Banks' customers can be divided into individual and corporate (business) ones. As far as the corporate (business) customers are concerned it is worth identifying small and medium-sized business as such business is considered to be one of the most promising sectors of Lithuanian economy (Adamonienė, Trifonova, 2007). Consequently, for the successful commercial banking operations and development it is important to define customer satisfaction concept and measurements as they have vital role for businesses in providing and maintaining a competitive advantage and drives future profitability (Anderson, Fornell, 1994). The problem of the research is how to assess small and medium-sized companies' satisfaction with the banks. The object of the research is small and medium-sized business satisfaction with banks' service quality. The aim of the research is to create a model measuring small and medium-sized companies' satisfaction with banks' service quality. The following objectives are settled: to analyse the concepts of satisfaction; to analyse analytical data of businesses satisfaction with the banks' service quality; to carry out a correlation analysis of the data to determine the strength and direction of relationship; to create a service quality satisfaction measuring model.

### **The Conceptions of Satisfaction:**

A number of different concepts of satisfaction could be found in scientific literature. Many scientists state that customer satisfaction is one of the most important factors determining the growth and success of the company. According to Jones (1996) customer satisfaction is a major driver for survival, competitiveness and growth. There are also scientists, who claim, that satisfaction is a factor affecting the confidence of customers. For example, Žvirelienė and Bičiūnienė (2008) claim that satisfaction is one of the factors that strengthen the mutual trust between the company and the customer, and define it as an important dimension of relationship marketing, which can be used to determine to what extent the market participants are satisfied with each other's activity. Many scientists claim, that satisfaction is necessary to anticipate further actions of the client. According to Molina et al (2007) satisfaction is one of the most essential factors to predict consumer behaviour.

Summing up all the concepts of the customers' satisfaction becomes obvious that customer attraction and retention is possible only through satisfying the needs of the customers. Therefore, it is important to determine what influence clients' satisfaction with the bank the most.

### **Factors determining Satisfaction with the Service Quality:**

There are scientists claiming that customers' satisfaction with the service quality is one of the most important determinants that influence an overall customers' satisfaction (Levesque, McDougall, 1996; Aga, Safakli, 2007; Lenka et al, 2009; Chigamba, Fatoki, 2011; Chen et al, 2012; *etc.*). Therefore, the satisfaction with the service quality has been investigated in this article and such elements influencing business' satisfaction with banking service quality have been distinguished (Mačerinskienė, Skvarciany, 2012):

- understanding the business environment,
- commuting;
- flexibility;
- communication skills;
- interest in small and medium-sized businesses;
- speed of decision-making;
- responding to customer needs;
- awareness;
- level of expertise;
- reliability.

### **Empirical Findings:**

The study was conducted to identify the key factors that determine satisfaction with banks' services' quality. Ten variables were investigated in this research. These variables were as follows: understanding the business environment, commuting, flexibility, communication skills, interest in small and medium-sized businesses, speed of decision-making, responding to customer needs, awareness, level of expertise, reliability. The questionnaire method has been chosen to carry out a survey as this is one of the most effective methods to gain insight on the opinions of the research subjects and to process the data received.

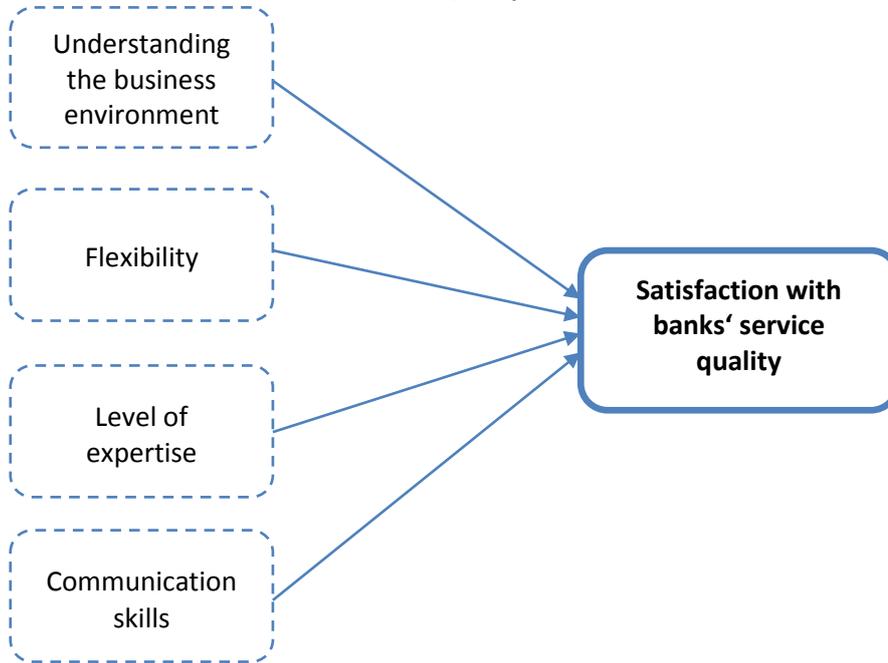
It was found that the estimated number of respondents was 400<sup>4</sup>. According to Statistics Lithuania (2013) the number of employees of small and medium-sized companies' was 636000.

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<sup>4</sup> The number of respondents was calculated using the formula:

In fact, 405 of distributed questionnaires were returned. All the data were included for analysis. After regression analysis statistically significant variables were identified and the model of banks' service quality satisfaction was created (see Fig. 1).

**Fig. 1: The Model of Formation Small and Medium-sized Companies' Satisfaction with Banks' Service Quality**



Source: designed by authors (2013)

The test model can be written as:  $y = f(X_1, X_2, X_3, X_4)$ ,

where:

$Y$  – banks' service quality;

$X_1$  – understanding the business environment;

$X_2$  – flexibility;

$X_3$  – communication skills;

$X_4$  – level of expertise.

After analysis of the model (see Table 1) a regression equation (3) was developed to find out the customers' satisfaction with banks' service quality which is given below:

$$Y = 0,693 + 0,171X_1 + 0,166X_2 + 0,284X_3 + 0,253X_4. \quad (3)$$

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

where:

$n$  – sample size,

$N$  – number of employees of small and medium-sized companies' in Lithuania,

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

Applying the formula:

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

**Table 1: Regression on Commercial Banks' Service Quality**

Model	Coefficients <sup>a</sup>						Collinearity Statistics	
	Non-standardized Coefficients		Standardized Coefficients	t	Sig.	Tolerance	VIF	
	B	Std. Error	Beta					
(Constant)	0,693	0,146		4,731	0,000			
Understanding the business environment ( $X_1$ )	0,171	0,042	0,184	4,038	0,000	0,520	1,924	
Flexibility ( $X_2$ )	0,166	0,038	0,206	4,378	0,000	0,486	2,057	
Communication skills ( $X_3$ )	0,284	0,044	0,279	6,432	0,000	0,572	1,747	
Level of expertise ( $X_4$ )	0,253	0,045	0,249	5,663	0,000	0,556	1,798	

a. Dependent Variable: Commercial Banks' Service Quality

Source: designed by authors (2013)

### Conclusion:

All the variables in the regression model (3) are statistically significant, what is possible to set out from the Table's 1 Sig. column (Sig. < 0,05). What is more, it can be said that communication skills is a factor, having major impact on small and medium-sized companies' satisfaction with banks' service quality (t = 6,432, see Table 1). Apart from that it was also found that commuting, interest in small and medium-sized businesses, speed of decision-making, responding to customer needs, awareness, reliability are statistically insignificant elements that have almost no impact on small and medium-sized companies' satisfaction with commercial banks' service quality.

To sum it up it becomes obvious that commercial banks should make efforts to improve all the variables that have influence on customers' satisfaction with banks' services quality as service quality is considered to be one of the most important determinants that has an impact on overall customers' satisfaction with the bank.

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