

SMART

Journal of Business Management Studies

(A Professional, Refereed, International and Indexed Journal)

Vol-16 Number-1	January - June 2020	Rs.500
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ISSN 0973-1598 (Print)

ISSN 2321-2012 (Online)

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Founder - Publisher and Chief Editor



**SCIENTIFIC MANAGEMENT AND ADVANCED RESEARCH TRUST
(SMART)**

TIRUCHIRAPPALLI (INDIA)
www.smartjournalbms.org

**IMPACT OF CORPORATE IMAGE, SWITCHING COST AND
CUSTOMER TRUST ON CUSTOMER SATISFACTION: EVIDENCE
FROM LISTED BANKING SECTOR**

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Abstract

This study examines the effects of some factors (Corporate image, Switching cost & Customer trust) on customer satisfaction, in the banking sector. Data were collected from bank's users, with the help of a questionnaire and used SPSS for the analysis. Results of this study revealed that customer satisfaction recorded positive relationship with selected variables. Further, this study found positive association between corporate image, customer trust and customer satisfaction but switching cost did not record strong relationship with customer satisfaction. Hence this research study suggested changes in the existing customer satisfaction systems of banks in Pakistan. Bank managers are advised to articulate operation and marketing strategies, that focus on cravings of customers, to improve the level of comfort.

Keywords: Corporate Image, Switching Cost, Customer Trust, Customer Satisfaction and Banking Industry.

JEL Code : M21 and M31.

Paper Received : 26-08-2019

Revised : 24-09-2019

Accepted : 18-12-2019

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1. Introduction

A bank can be characterized as a monetary organization and a finance-related go-between, that receives deposits and conduits these deposits into loaning exercises and these deposits find their way to capital markets. Thus banks are a source of blood to the economy, through loans. Banks are the platform, where customers deposit money, that can be associated with the clients having surplus reserve money.

In the case of immediate impact on banking sector, numerous researchers have created extensive literature. In Pakistan, significance of banking industry cannot be overlooked. The recent monetary crunch, felt all through the world, affected the investors and also the organizations. Hence banks need to work out new aggressive procedures. This review of literature yielded the determinants of customers' satisfaction in banking, particularly from the Pakistani perspective.

A committee was framed, to quickly plan a central managing banking regulation, for Pakistan. Numerous specialists proposed to set up the currency board rather than a national bank. The Government of Pakistan, on May 12, 1948, passed an order to create the State Bank of Pakistan. The SBP was empowered with extensive powers. SBP was authorized to make any move, like the removal of directors and may designate any administrator, for development. Pakistani banking industry had gone through various changes. In 1974, Pakistan Government passed an Act, to nationalize banks in Pakistan. In 1991, the Government of Pakistan privatized banks again under its essential economic policy.

2. Review of Literature

The study proposes to find the role of customer satisfaction, in reducing the cost of an organization and selecting the strong determinants of customer satisfaction.

In the substantial research, on improving customer satisfaction, a variety of factors show up as possible drivers of comfort but customer satisfaction remains a major one (**Anderson, 1998; Rowley, 2005; Narteh and Kuada, 2014**). Further, this study showed that exchanging cost was the background to customer satisfaction. Effect of corporate image, switching cost, customer trust, on customer satisfaction, in the banking sector of Pakistan, was chosen for research (**Kotler and Gertner, 2002; Naseem et al., 2018b**). A number of previous studies have reviewed customer satisfaction, also in the banking sector industries, with many other dimensions as well, but this research study proposes to discover those main determinants of customer satisfaction, to decide whether we satisfy the customers before making them loyal or should we take other steps, to minimise the cost and maximise the profit, with utmost market share and customers.

2.1 Customer Satisfaction and Corporate Image

As indicated by social identity theory, people associated with organizations that they distinguish as superior, trust that they will, in like manner, appear more productive according to others. Organizations, with the prevalent image, can build customers' expectations to utilize the service and attract customers than organizations with inferior image (**Beerliet et al., 2004; Ekinci et al., 2008**). From the arguments mentioned above, customer satisfaction might be achieved in banking sectors through corporate image.

2.2 Customer Switching Cost and Customer Satisfaction

Switching costs additionally interface with comfort, to impact customer satisfaction and yet the heading of this collaboration impact is not indisputable. It is contended that difference between satisfied and dissatisfied customers is in

the context augmented high switching costs. Hence it is assumed that higher switching costs may upgrade connection between consumer satisfaction and suggested measurement of satisfaction (Anderson, 1998; Narteh and Kuada, 2014; Naseem *et al.*, 2018a; Mohsin *et al.*, 2019). From the arguments mentioned above, customer satisfaction can be achieved in banking sectors, through fewer tendencies towards switch.

2.3 Customer Trust and Customer Satisfaction

Trust is a critical business-focused condition. Confidence in a business relationship diminishes business dangers. Attention to that joint trust is affected by recognizable mental proof, picture, and notoriety, among suppliers and buyers. It is observed that meaning of trust proceeds after exchanges (Woodruff, 1997; Lind *et al.*, 2000; Hunt *et al.*, 2006). The trust displayed before the exchanges specifically affected satisfaction after exchanges, while trust appearing after exchanges straightforwardly affected trust a while later, Hill and Alexander, (2017). From the arguments mentioned above, customer satisfaction can be achieved in banking sectors, through tendencies towards customer trust.

3. Statement of the Problem

The empirical findings of previous literature were based on product satisfaction, but this study is based on the services sector, i.e., Pakistan listed banking sector. It was the primary purpose of this research, to find the relationship between corporate image, customer switching cost, customer trust, and customer satisfaction. The operating system of product-based companies and the banking system are not similar. This study fulfills the gap in the literature about the customer satisfaction in the Pakistani listed banking sector.

4. Need of the Study

This study would be helpful for Pakistan banking sector management, account holders, academic communities as well as a potential investors, to understand the banking policy, related to customer satisfaction.

5. Objectives of the Study

- To find the relationship between customer satisfaction and corporate image
- To find the relationship between customer switching cost and customer satisfaction
- To find the relationship between customer trust and customer satisfaction

6. Hypotheses of the Study

Following hypotheses were framed, in tune with the above objectives.

NH-1: Customer satisfaction has negative connection with corporate image

NH-2: Customer switching costs have no relationship with customer satisfaction

NH-3: Customer trust has no relationship with customer satisfaction

7. Methodology of the Study

7.1 Sample Selection

In this study, a sample of 17 commercial banks was used, which were listed on Pakistan Stock Exchange. The convenient sampling technique was used, to select the sample size (Table-6).

7.2 Sources of Data

The data were collected through a questionnaire. The questionnaire was designed according to existing literature and experts' opinions. Survey consisted of two parts. The first part was to understand the personal information of respondents, using nominal scale. The second parts covered the perception of respondents,

regarding the constructs of the model, on a five-point Likert-type model.

7.3 Period of the Study

This study was based on qualitative type data and the data were collected through a questionnaire. The questionnaire was administered to the customers of listed banking sector, in June 2019.

7.4 Tools Used in the Study

Researcher deployed statistical methods of regression and correlation analysis. The Researcher utilized SPSS programming, for studying variables and and quantify their relationships. The Researcher analyzed the information by using SPSS.

8. Data analysis

Table-1 shows the results of descriptive statistics, on 210 responses. Respondents' percentage was 69.05% for men and 30.95%, for women (**Kristensen et al., 2000**). The **Figure-1** shows the theoretical framework of the research model. **Table-2** shows reliability analysis of proposed variables and it yielded very satisfactory results. Starting from the corporate image, with the help of five questions, Cronbach alpha was found to be 0.75, that is, it was greater than the benchmark, and it confirmed that variables were reliable enough to measure the corporate image. Customer trust, having alpha value of 0.79, was measured with the help of seven questions. Switching cost alpha was also right, that is, 0.85 on the basis of five questions. Finally, customer satisfaction was determined by the five questions, and their alpha was 0.68. All proposed variables, alphas were in the acceptable range, according to **Burnham, 2003; Malhotra et al., 2006** and that provided the confidence to move ahead. **Table-3** reveals the co-relation among the study variables. Corporate Image reported satisfactory

correlation, with a value of 0.528. Switching Cost and Customer Satisfaction showed normal correlation, with a value of 0.325, which means that it influenced as well but not as strong as Corporate Image influenced Customer Satisfaction. Customer Trust revealed high correlation with Customer Satisfaction, as evident in the **Table-3** 0.631. It is right in a sense as the customers perceived that they will be delighted with the product or service. This is the reason it recorded strong correlation with the Customer Trust, i.e. 0.631, in line with (**Lewis, 2015**). The correlation between Corporate Image and Switching Cost, Customer Trust, and Customer Satisfaction, at 0.241, 0.527 and 0.528, revealed that Corporate Image, Switching Cost, Customer Trust, and Customer Satisfaction reported positive significant relationship. Customer Satisfaction played a fundamental and essential role for any customer in all businesses (**Jones and Sasser, 1995; Hair et al., 1998; Singh and Sirdeshmukh, 2000**). First step to gain Customer Trust through Customer Satisfaction is right corporate image and switching cost. This phenomenon is empirically displayed in **Table-3**, for the banking industry, since Customer Satisfaction recorded correlation with Customer Trust, Corporate Image and Switching Cost at 0.631, 0.528 and 0.325 respectively.

The results of **Table-4** indicated that the corporate image (CI) was positively significant at 1% level. Hence the null hypothesis **$H0_1$: The customer satisfaction has a negative connection with corporate image**, was rejected and the alternative hypothesis was accepted. Previous studies have reported findings comparable to this finding. The switching cost coefficient was also positive at 1% level of significance. Hence **$H0_2$: The Customer switching costs has no relationship with customer satisfaction**, was rejected and the

alternative hypothesis was accepted (Farrell and Rusbult, 1981; Wathneet al., 2001; McKnight and Chervany, 2001). Previous literature also supported these findings (Anderson, 1998). The third hypothesis, *H0₃: The Customer trust has no relationship with customer satisfaction* was also rejected because the results of customer trust also showed that the beta of the variable was significant at 1% level of significance. The alternative hypotheses 1, 2, and 3 suggested that Corporate Image, Switching Cost and Customer Trust did have positive and significant impact on customer satisfaction. Hence the alternative hypotheses 1, 2, and 3 were supported. Previous studies have reported findings comparable to thesis findings (Garbarino and Johnson, 1999; Kristensenet al., 2000; Malhotra et al., 2006). The **Table-5** displays the results of F-statistics value, which was significant at 1% level of significance (F = 55.692, P <0.008).

Table -4 clearly records the results of these variables. According to **Table-4**, significant value was less than five percent, meaning that corporate image, customer switching cost and customer trust did have positive impact on customer satisfaction, with coefficient values of corporate image at 0.423, customer switching cost at 0.170 and customer trust at 0.259. **Table-5** presents the results of F-statistics. The F-statistics test was used to check the fitness of model. The value of F-statistics was 55.692, which was significant at 1% level and it clearly indicated that the model was good fit. In short, independent variables recorded linear relationship with the dependent variable. A good model should indicate a large value of F-ratio. The value of F-statistic should be more than one.

9. Findings of the Study

This study on the impact of corporate image, customer switching cost, customer trust

on customer satisfaction of Pakistani listed banking sector, revealed that these three independent variables reported positive relationship with the customer satisfaction. On the basis of these results, it is inferred that the customer satisfifaction was sensetive to the changes in corporate image, customer switching cost and customer trust. This research proved that the independent variables did have strong relationsship with the dependent variable.

10. Suggestions

This research study demonstrated that customer switching cost influenced customer satisfaction. Hence banks, by fortifying the trust of their customers, can build customer satisfaction. As shown by this research study, if customer switching cost diminishes then odds of customer attrition would be high. Hence banks should continue enhancing their products and services and increase their customer switching cost. In other words, the quality of products should be superior to anything their rival can offer.

11. Conclusion

In this paper the Researcher analyzed the impact of Corporate Image, Customer Switching Costs and Customer Trust on Customer Satisfaction, using a differentiated data set, collected by a survey data from bank users in different areas, in Pakistan. This research contributed to finding and calculating effects of corporate image, customer switching costs and customer trust on customer satisfaction, in Pakistan banking sector. With the help of this customer satisfaction model, banks can understand effects of these differences. Customers, who are not satisfied, can switch to any other bank at any time they wish to go, but if consumers are satisfied, then he would not switch to any other bank. This recent research paper proved that if the customer-switching cost is high or customer is satisfied, then the

probability of turning customers to other banks would reduce but if the customers are not satisfied, then the chances of customers switching to other banks would increase.

Researcher's study also indicated that the interrelationship of these factors would also differ with each bank. The Researcher added some elements to existing satisfaction model, which was proved (Beerli et al., 2004). The results showed that customer satisfaction and corporate image recorded significant relationship at 0.528**, as existing literature agreed with this connection. Customer Switching Cost reported significant relationship with Customer Satisfaction at 0.325**, as previous study also supported. Further, Customer Trust and Customer Satisfaction found a relationship, significant at 0.631**

12. Limitation of the Study

The study analysed only Pakistan listed banks.

13. Scope for Further Research

This study examined the effects of some factors (corporate image, switching cost & customer trust) on customer satisfaction in banking sector. Some other variables also could influence the satisfaction of customer. In future study, sample size could include all banks.

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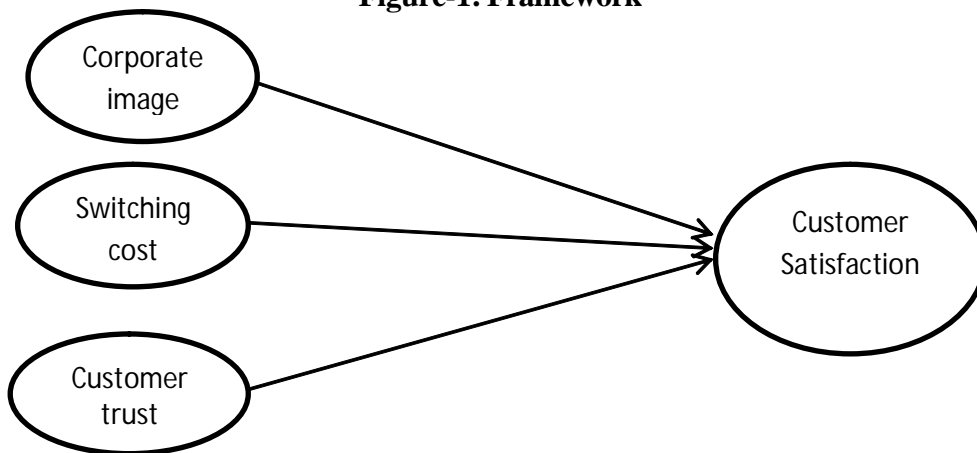
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Figure-1: Framework



Source: Compiled by Authors

Table-1: Results of Descriptive Statistics for Gender wise Analysis

	Frequency	Percent	Valid Percent	Cumulative Percent
Female	65	30.95	30.95	30.95
Male	145	69.05	69.05	100.0
Total	210	100.0	100.0	

Source: Data is collected through questionnaire and Computed using SPSS 20.

Table-2: Results of Reliability Test for finding the Reliability of the Questions from Questionnaire

S.No	Construct	No of Items	Cronbach's Alpha
1	Corporate Image	5	0.75
2	Switching Cost	5	0.85
3	Customer Trust	7	0.79
4	Customer Satisfaction	5	0.68

Source: Data is collected through questionnaire and Computed using SPSS 20.

Table-3: Results of Correlation Analysis to find the Correlation among Variables

	Corporate Image	Switching Cost	Customer Trust	Customer Satisfaction
Corporate Image	1			
Switching Cost	0.241**	1		
Customer Trust	0.527**	0.183*	1	
Customer Satisfaction	0.528**	0.325**	0.631**	1

Note: Significance level; *p < 0.05, **p < 0.01, ***p < 0.1

Source: Data is collected through questionnaire and Computed using SPSS 20.

Table-4: Results of Ordinary Least Square Technique Regression Analysis is used to find the Relation between Variables

	Coefficient	T-Values	P-Values
Constant		-2.682	0.008
Corporate Image	0.423	7.071	0.000
Switching Cost	0.170	3.177	0.002
Customer Trust	0.259	4.184	0.000

Note: Significance level; *p < 0.05, **p < 0.01, ***p < 0.1

Source: Data is collected through questionnaire and Computed using SPSS 20.

Table-5: ANOVA

S.No	Sum of Square	Df	Mean Square	F	Sig.
Regression	2202.895	3	734.298	55.69	0.000
Residual	2702.904	205	13.185		
Total	4905.799	208			

Note: Significance level; *p < 0.05, **p < 0.01, ***p < 0.1

Source: Data is collected through questionnaire and Computed using SPSS 20.

Table-6: Sample of 17 Commercial Banks

The Name of listed banks	
Askari Bank Limited	Habib Bank Limited
Bank Al-Falah Limited	Habib Metropolitan Bank Limited
Bank Al-Habib Limited	JS Bank Limited
Bank Of Khyber Limited	MCB Bank Limited
Bank Of Punjab Limited	Meezan Bank Limited
Faysal Bank Limited	National Bank Of Pakistan
Standard Chartered Bank Limited	Summit Bank Limited
United Bank Limited	Soneri Bank Limited
Allied Bank Limited	