

CUSTOMER ATTITUDE: A COMPARATIVE ANALYSIS OF PUBLIC AND PRIVATE SECTOR BANKS IN PUNJAB

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Abstract

The paper aims to analyze and compare the attitude of customers of public and private sector banks towards the banking services. The study was conducted in three most populated districts of Punjab, India. From each district 3 public and 3 private sector banks having maximum number of branches were contacted. From each bank, two branches were selected randomly. Thus, 36 branches were contacted. From each branch 20 customers were surveyed through a structured and non disguised questionnaire. Hence, survey was administered on 720 customers (36*20=720). In the study, Tri-component model was used for measuring the attitude of customers towards the banking services. Scale was found to be reliable as it achieved a coefficient alpha value of 0.919. Findings highlighted that a significant difference has been found in the overall attitude of customers of public and private sector banks towards the banking services. No significant differences were found in cognition and conation but in case of affection customers of private sector banks have more affection towards their banks and its retail services as compared to customers of public sector banks.

Keywords: Affection, Cognition, Conation, Attitude

Introduction

Attitude is a tendency to behave constantly favourable or unfavourable way in relation to a given object. To study attitude of customers towards banking services, tricomponent attitude model given by Schiffman and Kanuk in 2007 was used. The model consists of three major components: cognition, affection and conation.

Cognitive component: It consists of cognitions of a person i.e. the knowledge and perceptions that are learnt through a combination of direct experience with the attitude object. This knowledge takes the form of beliefs i.e. the consumer considers that the attitude object has different attributes and that specific behaviour leads to particular result.

Affective component: It consists of emotions and feelings of a person regarding a specific product or service.

Conative component: It is concerned with the possibility or inclination that an individual will assume or performs a particular action in relation to the attitude object.

The study examines and compares the attitude of customers of public and private sector banks towards the banking services.

Review of literature

In the light of the preceding review of the studies carried out in this area, I find that there are very few studies focusing on attitude of customers towards the banking services. It has become essential that customers of banks should have positive attitude toward banks and its retail services, which in turn result in customer satisfaction in today's competitive banking environment. Also, there has been limited research on the comparison of attitude of customers of public and private sector banks towards the banking services. Thus, the need arises to undertake an empirical study on analyzing the factors affecting the attitude of customers towards banking services.

Objective of the study

The aim of the present study is to address a number of factors and unexplained events in the banking sector. The main objective of this research is to identify the gap between attitude of customers of public and private sector banks towards the banking services. Bankers will be able to differentiate their service offerings from other competing banks. The results and the data that can be drawn from this research will be of great contribution to the field in the academics and for the practitioners. It will reveal areas and factors that need consideration for improvement.

Methodology

The customers of the public and private sector banks operating in urban and rural areas of Punjab, India formulated the population of the study. Multistage sampling technique was used to select sample for the study. The study was conducted in three most populated districts of Punjab, India. From each district 3 public and 3 private sector banks having maximum number of branches were contacted. From each bank, two branches were selected randomly. Thus, 36 branches were contacted. From each branch 20 customers were surveyed through a structured and non disguised questionnaire. Hence, survey was administered on 720 customers ($36 \times 20 = 720$).

For the present study, customer attitude is defined as the tendency of the customers to behave constantly favourable or unfavourable way in relation to the banks. Tri-component attitude model is reviewed and adapted to access the attitude of customers towards banks and its services.

Findings

To know the attitude of customers towards the commercial banks and its services, tri-component model of attitude was considered. The model consisted of three parameters-affective, cognitive and conative. Affective parameter consists of the emotions and feelings of a person regarding a specific product or service, cognitive consists of cognitions of a person i.e. the knowledge and perceptions that are learnt through a combination of direct experience with the attitude object and conative is concerned with the possibility or inclination that an individual will assume or perform a particular action in relation to the attitude object. The customers were asked to rate the statements relating to attitude on a 5-point likert scale ranging from strongly disagree to strongly agree.

Reliability of attitude scale

To check whether the scale used to measure attitude of customers towards commercial banks and its services is reliable, reliability coefficients were computed which are show in Table 1.

The reliability testing of the items of the scale was done. Cronbach's (1951) coefficient alpha measures the extent to which the scale items cohere with each other. The cronbach alpha for the three attitude parameters ranged between 0.718-0.859 (Table 1). The reliability coefficient indicated that the scale for measuring attitude of customers towards service quality of banks is quite reliable as the alpha value is 0.919. The alpha value of 0.60 and 0.70 or above is considered to be criterion for demonstrating internal consistency of scales.

Table 1: Reliability coefficients of attitude scale

Scale Item	Mean	Standard Deviation	Corrected Item-Total Correlation	Alpha, if Item Deleted	Coefficient Alpha of Scale
Affection					0.718
A1	3.71	0.81	0.502	0.918	
A2	3.50	0.77	0.526	0.917	
A3	3.69	0.79	0.625	0.914	
A4	3.40	0.74	0.678	0.912	

Cognition					0.859
C1	3.62	0.76	0.621	0.914	
C2	3.40	0.70	0.722	0.911	
C3	3.57	0.71	0.557	0.916	
C4	3.61	0.76	0.704	0.911	
C5	3.61	0.77	0.583	0.915	
C6	3.60	0.76	0.697	0.911	
C7	3.55	0.72	0.476	0.918	
C8	3.62	0.79	0.680	0.912	
Conation					0.754
N1	3.55	0.75	0.760	0.909	
N2	3.53	0.71	0.679	0.912	
N3	3.52	0.70	0.634	0.913	
Overall Scale Reliability					0.919

Attitude of customers

To know the attitude of customers towards the banks and its services, one sample t-test was conducted to find mean scores, t-value and p-value of the three components namely-affective, cognitive and conative. The results so obtained have been presented in Table 2.

It can be seen from the results that for the affective component, customers feel happy (mean score= 3.71), comfortable (mean score= 3.69) and excited (mean score= 3.50) while using services of bank. They also have positive image (mean score= 3.40) of their banks. The cognitive component showed that customers feel secured (mean score= 3.62) while using bank services. Customers believe that bank is well managed (mean score= 3.62) and trustworthy (mean score= 3.61). Customers feel free to give

suggestions (mean score= 3.61) and believe that bank works in an ethical manner (mean score= 3.60). Customers feel free to make complaints (mean score= 3.57) and believe that bank has good reputation (mean score= 3.55) and provides best services (mean score= 3.40). The results for the conative component revealed that customers will continue to avail services from the bank in future (mean score= 3.55), will tell other people about the services of bank (mean score= 3.53) and will not switch to other banks (mean score= 3.52).

Thus, it can be seen from the results that the value of means for all the statements related to attitude of customers toward banks was above the mean score of 3. From this, it can be interpreted that customers of banks have positive attitude toward banks and its retail services. The results were found to be significant at 1% level of significance.

Table 2: Attitude of customers towards the banking services (n=720)

	Statements	Mean (S.D.)	t-value	p-value
	Affection			
A1	You feel happy while using your bank services.	3.71 (0.81)	23.45	0.00**
A2	You feel excited while using your bank services.	3.50 (0.77)	17.61	0.00**
A3	You feel comfortable while using your bank services.	3.69 (0.79)	23.31	0.00**
A4	You have positive image of your bank.	3.40 (0.74)	14.66	0.00**
	Overall Affection	3.58 (0.57)	26.993	0.00**
	Cognition			
C1	You feel secured while using your bank services.	3.62 (0.76)	21.75	0.00**
C2	You believe that your bank provides best services.	3.40 (0.70)	15.36	0.00**
C3	You feel free to make complaints, if so.	3.57 (0.71)	21.52	0.00**

	Statements	Mean (S.D.)	t-value	p-value
C4	You feel free to give suggestions.	3.61 (0.76)	21.37	0.00**
C5	You believe that your bank is trustworthy.	3.61 (0.77)	21.21	0.00**
C6	You believe that your bank is working in an ethical manner.	3.60 (0.76)	21.14	0.00**
C7	You believe that your bank has good reputation.	3.55 (0.72)	20.51	0.00**
C8	You believe that your bank is well managed.	3.62 (0.79)	20.91	0.00**
	Overall Cognition	3.57 (0.53)	28.888	0.00**
	Conation			
N1	You will continue to avail services of your bank.	3.55 (0.75)	19.83	0.00**
N2	You will tell other people about services of your bank.	3.53 (0.71)	19.97	0.00**
N3	You will not switch to other bank.	3.52 (0.70)	19.71	0.00**
	Overall Conation	3.53 (0.59)	24.221	0.00**

Note: **p< .01

Comparison of attitude of customers of public and private sector banks towards the banking services

To find whether there exists any difference in the attitude of customers of public and private sector banks towards the banking services, independent t-test was employed. The results so obtained have been discussed in Table 3.

The results revealed that in case of affection, private sector banks' customers have been found to be more happy, exited and had positive image of banks than customers of public sector banks as there were significant differences found between customers of public and private sector banks. But no significant difference was found in case of feeling comfortable while using banks services between customers of public and private sector banks.

In case of cognition, customers of public as well as private sector banks felt secure, free to make complaints, gave suggestions and they also believed that banks were trustworthy, working in an ethical manner, had good reputation and were well managed as there were no

Table 3: Comparison of attitude of customers of public and private sector banks towards the banking services (n=720)

	Statements	Public Banks Mean (S.D.) n=360	Private Banks Mean (S.D.) n=360	t-value	p-value
	Affection				
A1	You feel happy while using your bank services.	3.65 (0.79)	3.77 (0.83)	1.977	0.048*
A2	You feel excited while using your bank services.	3.35 (0.72)	3.66 (0.78)	5.561	0.000* *
A3	You feel comfortable while using your bank services.	3.75 (0.81)	3.63 (0.77)	1.927	0.054 ^{NS}
A4	You have positive image of your bank.	3.34 (0.74)	3.46 (0.73)	2.172	0.030*
	Overall Affection	3.52 (0.79)	3.63 (0.79)	3.717	0.000* *
	Cognition				
C1	You feel secured while using your bank services.	3.64 (0.79)	3.59 (0.73)	0.736	0.462 ^{NS}
C2	You believe that your bank provides best services.	3.33 (0.70)	3.46 (0.69)	2.525	0.012*
C3	You feel free to make complaints, if so.	3.53 (0.65)	3.61 (0.76)	1.422	0.156 ^{NS}
C4	You feel free to give suggestions.	3.59 (0.76)	3.63 (0.77)	0.780	0.435 ^{NS}

	Statements	Public Banks Mean (S.D.) n=360	Private Banks Mean (S.D.) n=360	t-value	p-value
C5	You believe that your bank is trustworthy.	3.64 (0.79)	3.58 (0.74)	1.070	0.285 ^{NS}
C6	You believe that your bank is working in an ethical manner.	3.58 (0.73)	3.62 (0.79)	0.736	0.462 ^{NS}
C7	You believe that your bank has good reputation.	3.58 (0.73)	3.52 (0.70)	1.146	0.252 ^{NS}
C8	You believe that your bank is well managed.	3.60 (0.79)	3.64 (0.79)	0.659	0.510 ^{NS}
	Overall Cognition	3.56 (0.75)	3.58 (0.75)	1.056	0.291^{NS}
	Conation				
N1	You will continue to avail services of your bank.	3.48 (0.68)	3.62 (0.80)	2.558	0.011*
N2	You will tell other people about services of your bank.	3.46 (0.69)	3.59 (0.73)	2.473	0.014*
N3	You will not switch to other bank.	3.57 (0.72)	3.46 (0.69)	2.017	0.044*
	Overall Conation	3.5 (0.70)	3.56 (0.74)	1.794	0.073^{NS}
	Overall Attitude	3.54 (0.75)	3.59 (0.76)	3.537	0.000* *

Note: **p< .01, *p< 0.05, NS p> 0.05

significant differences between them. As significant difference was found in case of believing that banks provide best services, customers of private sector banks believed that their banks provided better services than customers of public sector banks. In case of conation, significant differences were found in case of continuation in availing services of banks, telling other people about services of banks and not switching to other banks. Customers of private sector banks were more likely to continue availing services

of banks, telling other people about services of banks than customers of public sector banks. Customers of public sector banks would not switch to other banks as compared to private sector banks customers.

A perusal of Table 3 showed that a significant difference has been found in the overall attitude ($t= 3.537$, $p= 0.000$) of customers of public and private sector banks towards the banking services. No significant differences were found in cognition ($t= 1.056$, $p= 0.291$) and conation ($t= 1.794$, $p= 0.073$) between the customers of public and private sector banks. Thus, it can be interpreted that both the customers of public as well as private sector banks have similar cognition and conation towards banks and its services and in case of affection, the customers of private sector banks have more affection towards their banks and its retail services as compared to customers of public sector banks.

Comparison of overall attitude of customers of public and private sector banks towards the banking services

To find whether there exists any difference in the overall attitude of customers of public and private sector banks towards the banking services, independent t-test was employed. The results so obtained have been discussed in Table 4.

Table 4: Comparison of overall attitude of customers of public and private sector banks towards the banking services (n=720)

Determinants of Attitude	No. of Items	Mean (S.D.) n=720	Public Mean (S.D.) n=360	Private Mean (S.D.) n=360	t-value	p-value
Affection	4	3.58 (0.79)	3.52 (0.79)	3.63 (0.79)	3.717	0.000**
Cognition	8	3.57 (0.75)	3.56 (0.75)	3.58 (0.75)	1.056	0.291 ^{NS}
Conation	3	3.53 (0.72)	3.5 (0.70)	3.56 (0.74)	1.794	0.073 ^{NS}
Overall Attitude	15	3.56 (0.75)	3.54 (0.75)	3.59 (0.76)	3.537	0.000**

Note: ** $p < .01$, * $p < .05$, NS $p > .05$

The results of Table 4 signify that there exists a significant difference in overall attitude ($t= 3.537$, $p= 0.000$) of customers of public and private sector banks towards the banking services. Thus, the customers of private sector banks have more positive attitude towards their banks and its retail services than customers of public sector banks.

Suggestions

The study recommends that public sector banks needed to have customers' best interest at heart. The employees of public sector banks should have expertise in handling problems. Also percolation of branches needed improvement. Banks should perform the services right in very first time and should provide the information to customers about the hidden charges for the purpose of improving quality of services.

REFERENCES

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