



The Evaluation of Business Enterprises' Trust in Banks

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Abstract The paper analyses and compares the data of empirical researches in evaluation of business enterprises' trust in banks at two different periods of time; what is more the correlation analysis on the basis of obtained data has been carried out. The article investigates the theoretical concepts of trust as well as discusses the factors determining formation of trust, and their influence on the process of management, introduces the methodology of evaluation of business enterprises' confidence in banks and demonstrates the analysis of methods of trust evaluation. It also summarises and compares the results of empirical researches in evaluation of business enterprises' confidence in banks at different periods of time.

Keywords – trust, social capital of financial institutions, evaluation of confidence.

I. INTRODUCTION

The research problem and relevance. The scientific literature for a long time researches the factors that affect financial institutions' activities. It is noted that this is not only tangible indicators, such as size of bank capital, offered interest rates, geographical location, etc., but also the intangible ones, such as trust, which is considered to be ground for long-term relationship (by R. Žvirelienė I. Bučiūnienė, 2008). Therefore, different concepts of trust have developed. They are connected by common element - the pursuit of benefits. One of the reasons of using the commercial banking services is the receiving of financial benefits. So, it is necessary to investigate and assess the level of trust in the financial institution while analysing the financial institutions' activities and ensuring its success.

Currently, most countries of the world are experiencing an economic crisis and financial situation is changing. The importance of trust in society is taking on great importance. Under current conditions, natural and legal people have difficulties in choosing the bank, to which they can entrust their financial management. Therefore, it is clear that the loss of trust has negative effect on all organizations operating in the financial market. The scientific literature focuses on trust and its impact on company operations research (Dirks, Ferrin, 2001; Mayer

et al, 1995; Jason et al, 2007; Puusa, Tolvanen, 2006; Elangovan, Shapiro, 1998; Kramer, 1999; McEvily, Tortoriello, 2011; Chung and Jackson, 2011; Dietz, 2011; Chen et al, 2011; Chand, Tung, 2011; Tomlinson, 2011), but there is a lack of the literature which deals with the business confidence in commercial banks and its impact on their operations.

The object of investigation: trust in banks of the small and medium businesses.

The aim: to investigate the factors influencing trust in banks and provide directions of confidence-building.

The tasks of research:

- To provide theoretical concepts of the consumer confidence;
- To develop assessment methodology of trust of businesses in the banks;
- To analyse and compare analytical data of different periods of businesses confidence in the banks, and to perform a correlation analysis of the data connection to determine the strength and direction of relationship.

Research methods: scientific literature analysis, quantitative research, statistical data analysis..

II. THE CONCEPT OF TRUST AND THE FACTORS DETERMINING ITS FORMATION

Trust is highly important in all areas of life and manifests itself with a lesser perception of anxiety and the knowing of what to expect (L. Pilelienė, 2008). Trust can be considered to be one of the essential preconditions for the development of a successful relationship (L. Jurgelevičiūtė, V. Sūdžius, 2010) and a component of the quality of the relationship (L. Pilelienė, 2008).

When analysing the trust in banks – i.e. the trust in an economic sense – the attention is paid to the relationship between people (clients) and the company providing services that are or going to be consumed. Gambetta (2000) claims that trust is a level of a certain subjective probability, with the existence of which the subject may determine the specific behaviour of another subject or a group of subjects. A. Balžekienė (2009) defines trust as a characteristic of essential dimensions determining the risk society. There are scholars who understand trust as a component part of the social capital, therefore the impact of social capital on the activity of the organisation should be estimated when analysing the trust in companies. According to Elgar (2003), trust is an essential characteristic of the social capital and a key element of cooperation, development and expectations, the coordination of interactions and behaviour of individuals.

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The trust in banks may be defined as an existence of high quality relations between the workers of financial institution and the clients. For example, Maliavko (2003) defines the trust in banks as the certitude of the clients in the security of creating the relations with a bank.

When researching the trust in banks, it is necessary to distinguish the factors that influence the trust. Walter and others (2000) believe that the most important aspects in a business relationship are satisfaction, trust, price and obligations. According to Pilelienė (2008), satisfaction, trust and devotion are considered to be the base of a relationship.

When analysing the relationship between consumers and financial institutions, it has been noticed that the concepts of trust and satisfaction are associated closely. R. Žvirelienė and I. Bičiūnienė (2008) claim that satisfaction is one of the factors that strengthen the mutual trust between a company and a consumer and define it as an important marketing dimension of a relationship, that can be evaluated by estimating how satisfied are the relationship-maintaining participants of a market with each other's activity. The satisfaction may predict trust. The research of Peterson and Spreng (1998) has revealed that the satisfaction/dissatisfaction is the most important link when developing long-term relationship with customers and guaranteeing strategic success of a company (quoted R. Žvirelienė, I. Bičiūnienė, 2008).

Therefore, having analysed the scientific literature, it can be stated that satisfaction is an essential factor that determines the level of consumers' trust in a bank.

III. METHODS AND RESULTS OF THE RESEARCH

At this time, when the trust in financial institutions has collapsed following the financial crisis in 2008, it is important to evaluate the trust in banks and the level of change in it.

Two studies were performed in order to estimate the level of companies' trust in banks. The first one was performed in 2010, and the second one after the bankruptcy of the bank "Snoras", in December, 2011.

The aim of the second study was to determine whether the change of the financial institutions' situation in the country has had an influence on the level of companies' trust in banks.

The questionnaire method has been chosen to carry out a survey for the research 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.

When performing the study on small and middle-sized companies' trust in banks, satisfaction has been regarded to have a direct influence on the level of trust and therefore the following determining factors have been distinguished:

Satisfaction with the services provided to the business sector by the banks;

Satisfaction with the quality of services provided by the employees of the bank;

Satisfaction with the policy of the bank towards small

and middle-sized business entities.

The purpose of the study on the business companies' trust in banks has been to assess the factors determining the trust in banks and the elements influencing them (see Table 1).

TABLE I
ELEMENTS INFLUENCING FACTORS THAT
DETERMINE THE TRUST IN BANKS

<i>Elements influencing satisfaction with banking services to business</i>	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.
<i>Elements influencing satisfaction with the quality of service provided by bank employees</i>	quality of banking service; variety of banking services; accessibility of banking services; price of banking services.
<i>Elements influencing the satisfaction with the bank's policies towards small and medium business in</i>	bank grants loans that meet business needs; bank provides appropriate financial services to business; bank provides favourable loan conditions; bank responds flexibly to changing business needs; bank supports a business enterprise in the successful period; bank supports a business enterprise in the critical moments of the company's activities; bank makes timely financing decisions.

One of the most significant criteria in choosing the financial institution for a company using the services of a particular commercial bank is the quality of the services provided. To evaluate this criterion, ten factors that determine it have been identified. These are: the quality of services, the familiarity with the business environment, communication, flexibility, interest in small and middle-sized companies, effectiveness of decision making, reacting to clients' needs, awareness, qualification and reliability of a servicing bank employee.

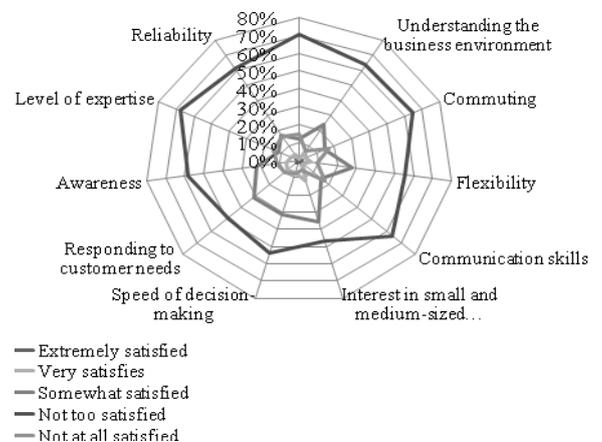
In December, 2011 56% respondents claimed to be satisfied with the quality of services provided by the servicing bank employee. Comparing this index with the same index in 2010 has revealed that satisfaction of the respondents with the quality of services provided by the employee of a bank has decreased by 14.18%. In addition, the number of companies fully satisfied with the services provided by the employee of a bank has decreased by 10%. Whereas the number of respondents who are not satisfied or are entirely unsatisfied by the quality of



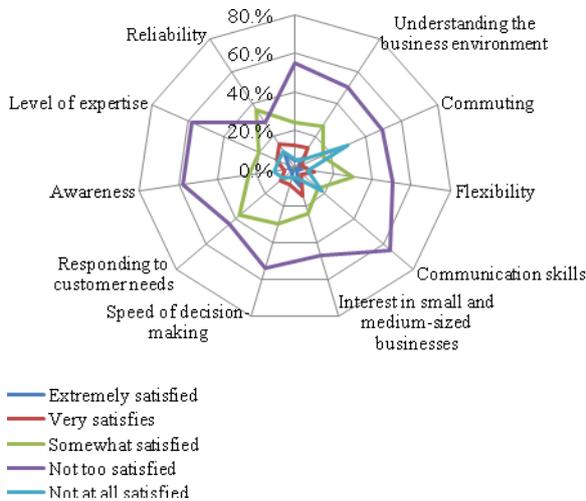
services provided by the employee of a bank has increased by almost 13%. The results of the familiarity with the business environment by the employee of a bank have revealed one significant change. In 2010 there were no respondents claiming to be entirely unsatisfied with this factor, yet in 2011 10% of respondents claimed to be entirely unsatisfied with the employee's familiarity with the business environment, which indicates that the number of respondents at least partially satisfied in this regard has decreased. Analysis of the communication of the bank employees has revealed that the percentage of entirely satisfied respondents in this regard has increased from 16.84% to 33% within the year. The percentage of respondents who claimed to be unsatisfied or entirely unsatisfied in this regard has been less than 5% limit. The examination of the opinions of the respondents on the flexibility of the bank employees has led to an observation that the number of respondents unsatisfied or entirely unsatisfied in this regard has increased by 5%. Considering the communicability of the bank employees, a conclusion can be drawn that the opinions of respondents have almost remained the same. The most remarkable change has been within the respondents who claimed to be satisfied in this regard – the percentage has decreased by 4%. A crucial factor for the small and middle-sized companies, determining the trust in a bank is the interest of a bank employee in the small and middle-sized businesses, as only in this case the financial institution can offer the necessary assistance and proper services. The results of the study show that in December, 2011 the percentage of respondents who claimed to be entirely unsatisfied with this factor has grown considerably when compared to 2010 – by more than 9%. It has also been observed that the number of respondents who have been partially satisfied with the bank's interest in small and middle-sized businesses has decreased. This indicates that the employees of a bank had lesser interest in the companies that comprise the greater part of a bank's clients, which may have a negative influence on the trust in such financial institution. In the contemporary world the financial situation is changing rapidly therefore it is vital for the companies that the bank is able to react and make decisions promptly. Yet the diagrams (see figure 13) show that the dissatisfaction with the speed of response in the field of decision-making has increased lately. 4.96% of the respondents have claimed to be entirely dissatisfied in this regard, while there were only 0,759% such respondents in 2010. Almost 4% more respondents have marked that they are not satisfied with the servicing employees' decision-making speed of response. Obviously, the satisfaction with this factor has decreased as well. The consumers choose such financial institutions those are able to provide the maximum fulfilment of client's needs. Analysing the tables provided below (see figure 1) will reveal that the number of respondents satisfied or entirely satisfied in this regard has almost remained unchanged, yet 8% less of respondents have claimed to be "entirely satisfied" with this factor in 2011, whereas almost 8% more respondents have claimed to be satisfied with the reaction of the

financial organisation towards their needs. Therefore we may conclude that in 2011 the banks are meeting the needs of the clients to a slightly lesser extent than in 2010. One of the most important criteria for a business to be successful in the financial world is the information. Therefore while choosing a financial institution, the companies expect to acquire new, relevant and reliable information from the selected institution. Only the provision of truthful information may increase the trust in bank therefore it is necessary to examine the attitude of workers of business establishments towards the awareness of bank's employees. The charts below (see figure 1) reveal that the awareness of bank employees as perceived by respondents has been very high in both the first and the second study. Almost 70% of the respondents claimed that they are satisfied or entirely satisfied in this regard in 2010, while in 2011 this criterion had a satisfaction rate of more than 75%. This shows that the bank employees are able to provide the necessary information to the client, yet in order to perform successfully the banks should strive to improve this index. Another factor important in choosing a bank is the qualification of its workers. All companies consuming the services of a particular commercial bank expect to receive high quality services. One of the most important factors determining the quality of services provided is the professional suitability of the employees. The research shows that in 2011 there were approximately 10% less clients who claimed to be satisfied or entirely satisfied in this regard, while the number of clients who are unsatisfied has increased by almost 5%. One of the most important factors determining the forming of trust in banks is reliability. Comparing the charts (see figure 1) will clearly reveal that there has been a change in respondents' opinion in connection with this issue. The number of people who were satisfied or entirely satisfied with the reliability of a financial institution has decreased by 40%, while the number of people who did not confide in a commercial bank or only had partial confidence has consequently grown (see figure 1).

I



II

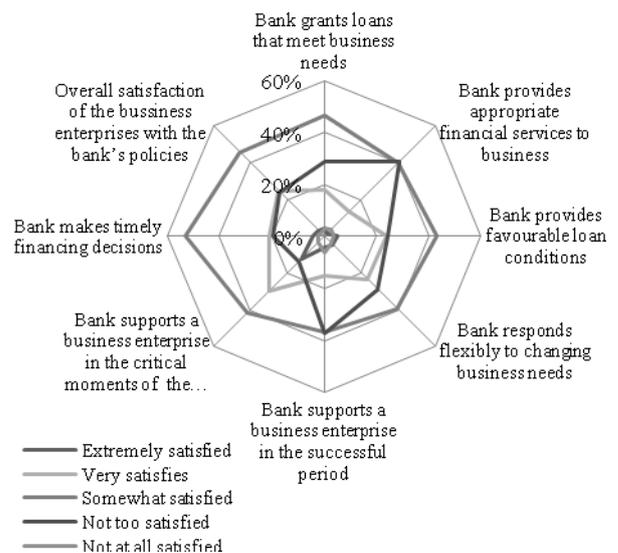


Picture 1. Assessment of the quality of services provided by bank employees

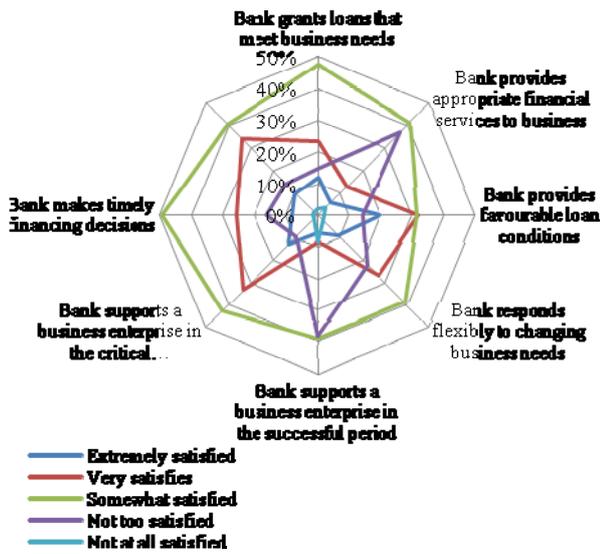
One of the indexes particularly important for an organisation selecting a provider of financial services is the attitude towards business of a bank, i.e. the variety of banks' services, credits, proposals, consulting on business issues and etc. Therefore for the analysis of bank's policy towards business seven factors determining this policy have been identified: the provision of credits relevant to business enterprises' needs; provision of financial services necessary for the business entities; creating favourable conditions for business loans; flexible reactions towards changing needs of business section; provision of support for businesses experiencing successful periods; provision of support in critical moments of a business enterprise's activity; timely financial decision-making. One of the most important conditions for establishing or developing a business is the funding. Therefore it is important for the companies those use the services of a bank that the bank is able to provide credits adequate to the needs of a business enterprise. Analysing the chart below (see figure 2) the current situation may be examined as well as the changes within it. The number of respondents who claimed to be partly satisfied with this service of a bank has almost reached 50%. Yet within the year the number of people who claimed to be satisfied or entirely satisfied with this service has decreased greatly (see figure 2). Consequently, the satisfaction with the provision of financial services to business sector has decreased as well. Most of respondents were only partially satisfied with these services, yet, during the first study, the greater part of the respondents was satisfied with these services (see figure 2). When examining the policy of a bank towards the small and middle-sized businesses, it is necessary to evaluate the creation of favourable conditions for loans. This factor is

especially important for the companies wishing to expand their business. Comparing the opinions of the respondents during two time periods, it is revealed that the satisfaction in this regard has decreased sharply. At this time, more than 50% of the respondents are unsatisfied or entirely unsatisfied with this service of a commercial bank, compared to approximately 30% in 2010 (see figure 2). Equally, the number of people who claimed that the service-providing financial institution is reacting flexibly towards the changing needs of business sector, i.e. the number of respondents who claimed that the bank cannot satisfy all of the needs of the small and middle-sized business companies has increased. Another factor that has been analysed is the support for business in different situations of the market. The number of respondents who are partially satisfied or satisfied with the support provided by the bank during the successful time period of a business enterprise has increased to small extent, yet the satisfaction with support of a bank during other time periods of a business enterprise has decreased (see figure 2). One more index important for the evaluation of bank's policy towards small and middle-sized businesses is timely financial decision-making, as for the effective operation of a company quick reactions towards emerging problems and problem-solving are essential. Approximately 35% respondents are not satisfied or entirely unsatisfied with this function of a bank. This is almost 10% more than a year ago (see figure 2). Comparing the general attitudes towards the bank policy implemented towards the small and middle-sized businesses between the two time periods, it has been revealed that the number of respondents who claimed to be entirely satisfied or satisfied with the policy has decreased from approximately 26% to 15%. Consequently, the number of respondents who claimed to be partially satisfied with the policy implemented by a bank has decreased by 6%. It is evident that the dissatisfaction with the banks' policies has increased and comprised 44%, whereas this index was only of 28% during the time of the first study (see figure 2).

I



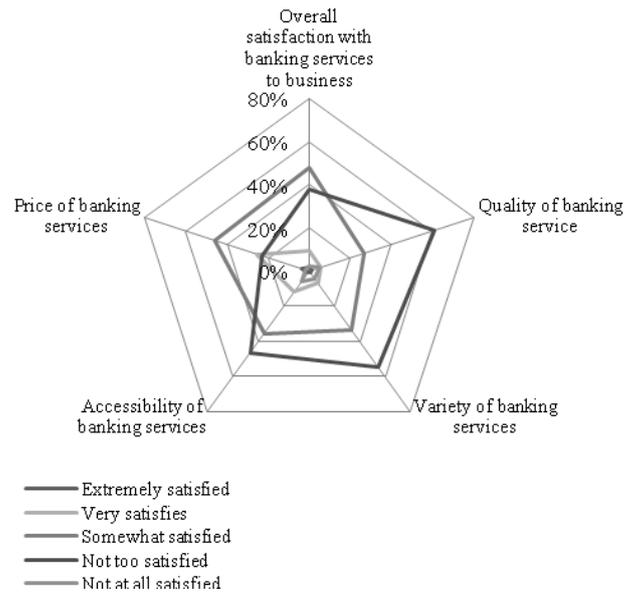
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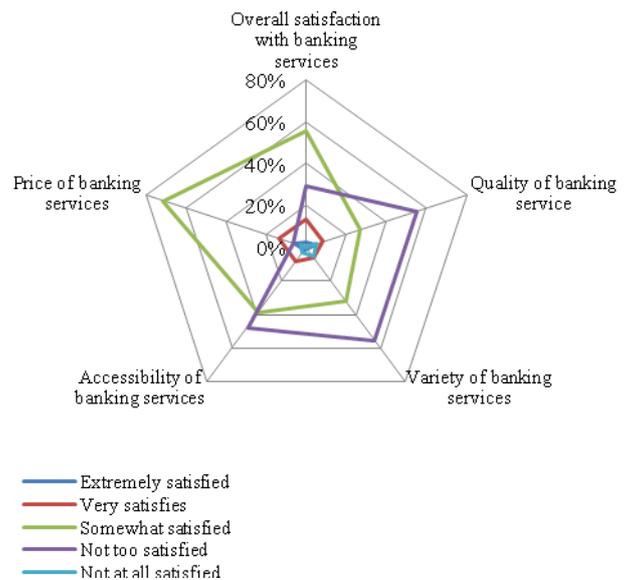
Picture 2. Overall satisfaction with bank's policy towards small and medium-sized business

To evaluate the attractiveness of a bank for the respondents, the question about satisfaction with bank's services has been asked and the following factors determining the satisfaction have been identified: the quality of the bank's services provided, the variety, the accessibility and the price. It may be noticed in the graphs (see figure 3) that the general satisfaction with the services has decreased in December 2011 when compared to study results of 2010. At this time, none of the respondents claimed to be entirely satisfied with the services provided by the bank. The number of respondents who claimed to be satisfied with the services provided by a commercial bank has decreased by almost 10%. Whereas the number of people claiming to be partially satisfied with the services provided by a financial institution has increased by more than 7%. The number of respondents who claimed to be unsatisfied or entirely unsatisfied with the bank's services has also increased – from almost 12% to almost 16% (see figure 3). The third figure also indicates the evaluation of factors determining the general satisfaction with a bank's services. It may be observed that the number of respondents who hold a positive opinion on the quality, accessibility and the costs of a bank has decreased sharply. The only factor that has shown growth throughout the study period is the variety of the services provided by a bank (see figure 3). It may be explained in the way that while the trust in financial institutions is decreasing, they are keen on attracting clients and therefore provide wide array of services in order to attract interested parties.

I



II



Picture 3. Overall satisfaction with banking services to business

One of the most important objectives of the study performed is determining the connection between the data. For this purpose, a correlation analysis of companies' trust in banks has been performed, i.e. the intensity and the direction of the connection have been determined. The Pearson's direct correlation coefficient has been applied in order to evaluate the mutual connection between the data. The correlation coefficients between the quality of services provided by bank employees and the factors influencing the quality are presented in the table 2.

TABLE II
THE CORRELATION COEFFICIENTS OF THE QUALITY OF SERVICE PROVIDED BY COMPANY'S BANK EMPLOYEES AND ELEMENTS INFLUENCING IT

	<i>The quality of service provided by bank's employees</i>	
	I	II
<i>Understanding the business environment</i>	0,594	0,858
<i>Commuting</i>	0,431	0,589
<i>Flexibility</i>	0,482	0,849
<i>Communication skills</i>	0,482	0,754
<i>Interest in small and medium-sized businesses</i>	0	0,789
<i>Speed of decision-making</i>	0,346	0,879
<i>Responding to customer needs</i>	0,149	0,740
<i>Awareness</i>	0,433	0,807
<i>Level of expertise</i>	0,433	0,795
<i>Reliability</i>	0,429	0,756

The correlation coefficients between the general satisfaction with the policy of a bank towards small and middle-sized business and the factors determining the policy are presented in table 3.

TABLE III
CORRELATION COEFFICIENTS OF THE SATISFACTION WITH BANK'S POLICY TOWARDS SMALL AND MEDIUM-SIZED BUSSINES AND THE ELEMENTS INFLUENCING IT

	<i>Overall satisfaction of the bussiness enterprises with the bank's policies towards small and medium-sized bussiness</i>	
	I	II
<i>Bank grants loans that meet business needs</i>	0,594	0,927
<i>Bank provides appropriate financial services to business</i>	0,451	0,845
<i>Bank provides favourable loan conditions</i>	0,505	0,919
<i>Bank responds flexibly to changing business needs</i>	0,465	0,918
<i>Bank supports a business enterprise in the successful period</i>	0,335	0,882
<i>Bank supports a business enterprise in the critical moments of the company's activities</i>	0,361	0,946
<i>Bank makes timely financing decisions.</i>	0,427	0,916

The correlation coefficients between the general satisfaction with the services provided by a bank and the factors determining the services are presented in table 4.

TABLE IV
CORRELATION COEFFICIENTS OF OVERALL SATISFACTION WITH BANKING SERVICE AND THE FACTORS INFLUENCING IT

	<i>Overall satisfaction with banking services</i>	
	I	II
<i>Quality of banking service;</i>	0,657	0,377
<i>Variety of banking services</i>	0,510	0,242
<i>Accessibility of banking services</i>	0,543	0,141
<i>Price of banking services</i>	0,564	0,678

IV. CONCLUSIONS

Comparing the data of two studies, it was observed that satisfaction with activities of the bank by the business employees fell down. One can see that satisfaction with all factors except communication skills, declined while analyzing satisfaction of business employees of two periods with the service quality of servicing bank's employee. Talking about the bank's policy in regard to small and medium-sized business, it can be argued that customers are not satisfied with the financial institutions view of support in expanding the business. Also, the overall satisfaction with services of the bank rate is lower than it was a year and a half ago.

It has been studied during two periods: satisfaction with service quality of bank's employee, satisfaction with bank policy in regard to small and medium-sized business and the total satisfaction with bank services while implementing correlation analysis. It was noticed moderate, strong or very strong statistical relationship between the dependent and independent variables in almost all cases, which indicates that the identified factors affect customer satisfaction with banks.

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