

A RELATIONAL STUDY ON BANKS OVERALL SERVICE QUALITY, PRODUCT QUALITY, CORPORATE SOCIAL PERFORMANCE, AND BANK REPUTATION IN THE CONTEXT OF PRIVATE COMMERCIAL BANKS IN BANGLADEH

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Executive summary

This research plans to investigate the affect of banks overall service quality, product quality, and corporate social performance on bank reputation within the context of private commercial banks of Bangladesh. Here, banks overall service quality, product quality, and corporate social performance are considered as the independent variables and bank reputation is considered as dependent variable. The survey yielded a total of 80 complete usable questionnaires given to clients and employees of ten private commercial banks of Bangladesh. The SPSS version 11 software was employed in this study for data analysis. Correlation analysis and stepwise regression were performed to assess the hypothesis. The correlation analysis revealed concise support to prove almost all the hypothesis but the stepwise regression provided partial support to the hypothesis. After successfully analyzed the gathered information, it was stated that all the measured independent variables (i.e., overall service quality, overall product quality, and corporate social performance) statistically and significantly correlated with bank reputation.

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Introduction

Bank is very old institution that is contributing towards the development of any economy as well as plays a vital role of financial intermediary of a country. Bank is treated as an important service industry in modern world. But due to globalization and free market economy, this industry is facing severe competition in Bangladesh, and implementation of the clauses of WTO will further increase this competition. Banking sector in Bangladesh can be divided mainly into four categories which are Nationalized Banks, Local Private Commercial Banks, Specialized financial institutions and Foreign Banks. At present there are 49 scheduled banks operating in Bangladesh. Of these 4 are nationalized commercial banks, 5 are specialized, 30 are local private commercial banks and 10 are foreign banks (Malek, 2005). However, despite many fundamental banking reformations, still domestic banks are lagging behind on many fronts compared with foreign commercial banks with wide range of capitalization, overseas network, modern management expertise, experience, technological advancement, etc. That results for the domestic banks relative weakness in service quality and product quality as delivered to domestic customers. So there is inevitable competition among domestic, and foreign banks because managers and staffs of foreign banks are aware of innovative products and services of high quality, and competition for customers, who are becoming increasingly knowledgeable regarding banks services and products. As a result domestic banks management are now very strictly focusing on improved service quality and product if they are to build positive reputation and increase profits. Because reputation plays an especially important strategic role in service markets since the pre purchase evaluation of service quality is necessarily vague, and incomplete. As Julian and Ramashen, 1994 said delivering quality services and products to customers is essential for success and survival of today's competitive banking environment. The provision of products and services of high quality enhances reputation, improves customer retention, attracts new customer through word of mouth, and

increase financial performance, and profitability. So it is therefore important for any retail bank in Bangladesh to understand the main drivers of Bank reputation as well as to take effective measure to improve both service and product quality which will enhance their reputations and thus attract a large share of profitable customers, and maintain a sustainable competitive advantage in the long run (Yonggui Wang, Hing- P. Lo, 2003).

Statement of the Problem

The researcher intends to investigate the effect of overall service quality, overall product quality and corporate social performance on bank reputation within the context of private commercial banks of Bangladesh. Previous research (Yonggui Wang, Hing- P. Lo, 2003) conducted on several banking industries in China reveals the importance of overall service quality, and overall product quality in the development of bank reputation and investigated a relationship among overall service quality ,overall product quality, and bank reputation. Moreover Benjamin A. Neville, Simon J. Bell and Bulent Menguc study gives researchers strong evidence to show a relationship between reputation and company's social performance which was unrevealed in Yonggui Wang, Hing- P. Lo, 2003 study. In the current study, therefore, the researcher utilizes the study of Yonggui Wang, Hing- P. Lo, 2003 with an added variable corporation's social performance to investigate such relationship. In the context of commercial banks of Bangladesh no such studies were carried on this topic previously. This patronizes the current study to explore if there is any significant relationship exists among banks overall service quality, overall product quality, corporate social performance and bank reputation.

Purpose of the Study

The purpose of this study is to present and test the model which will identify the relationship among banks overall service quality, overall product quality, corporate social performance and bank reputation within the context of banking industry of Bangladesh.

Limitations of the study:

There are many limitations of this study. The respondents are limited in terms of size and composition. Since, the researchers have conducted the survey, there were a lot of chances that all the respondents are reluctant to fill up the questionnaire. First, data collection is restricted within Dhaka city only, which may fail to represent the actual scenario of the relationship between measured variables. The result could be different if people from outside Dhaka city were brought under consideration. Second, the researchers are considering the clients of only one branch of each bank and does not including the other clients.

Review of related literature

Overall service quality

Quality of service is essential for customer satisfaction (Cronin and Taylor, 1992; McAlexander et al., 1994), repeat purchases (Schneider and Bowen, 1995), and winning customer loyalty (Zeithaml et al., 1990), and customer retention (Zeithaml et al., 1996). It also affects companies' market share, and thus profitability (Schneider and Bowen, 1995). Service quality has been the subject of considerable interest by both practitioners and researchers in recent years, spurred on by the original work by Parasuraman, Zeithaml and Berry, (1985). An important reason for the interest in service quality by practitioners results from the belief that this has a beneficial effect on bottom line performance for the firm. Definition of service quality revolved around the idea that it is the result of comparison that customers make between their expectations about a service and their perception of the way the service has been performed (Lewis and Booms, 1983; Lehtinen & Lehtinen, 1982; Gonoroos, 1984; Parasuraman et al, 1985, 1988, 1991, 1994). Lehtinen and Lehtinen (1982) gave a three dimensional view of service quality. They see it as consisting of what they term "interaction", "physical" and "corporate" quality. Traditionally, service quality has been defined as the difference between customer's expectation of service to be received and perception of service actually received. (Gonoroos, 1984; Parasuraman et al, 1988, 1991). Furthermore Dabholkher et al. (2000) suggested that it

is better to consider factors associated with service quality like reliability and responsiveness as being antecedents of customer's perceptions of service quality as dimension and components of the construct. Yonggui Wang, Hing-P, Yeh V, Hui; 2003 measured service quality by customer perception only through the SERVPERF model (Cronin and Tylor, 1992). According to their study they suggested tangibility, reliability, responsiveness, assurance and empathy of service as antecedents of service quality. And their study proposed that tangibility, reliability, responsiveness, assurance and empathy of service have a positive impact on customer perception of service quality. Furthermore service quality is often conceptualized as the difference between customer's expectation of service to be received and perception of service actually received (Gonoroos, 1984; Parasuraman et al, 1988, 1991) and this construct is used in this study to define overall service quality.

Overall product quality

Researcher found several different conceptualizations of product quality. According to Yonggui Wang, Hing-P Lo (2003) opinion, in marketing and economics literature quality has been viewed in terms of products attribute. In contrast, in the field of operations management, quality has been defined as having multiple dimensions such as fitness of use (whether the product does what it is supposed to do, and whether it possesses features that meet the needs of customers), reliability (to what extent the product is free from deficiencies). In service point of view Parasuraman et al (1988) defined product quality as an overall assessment. Garvin (1988) defined product quality in very comprehensive manner. According to Garvin (1988) overall product quality comprises the following eight attributes: performance, features, conformance, reliability, durability, serviceability, aesthetics, and customer perceived quality. In brief: performance means a product's primary operating characteristics, Features refers to the additional features (or the bells and whistles) of the product, conformance represents the extent to which a product's design and operating characteristics meet the established standards, reliability indicates the probability that a product will operate properly over a specified period of time under stated

condition of use, durability means the amount of use the consumer gets from a product before it physically deteriorates or until a replacement is preferable, serviceability refers to the speed, competence and courtesy of repair, aesthetic refers to how a product appeals to the five senses, customer perceived quality indicates the customers perception of a products quality, based on the reputation of the corporation. The researcher utilizes the definition of Garvin (1988) for this study.

Corporate social performance

The concept of corporate social performance evolved from the concept of corporate social responsibility and corporate social responsiveness, which responded to questions regarding organizations social responsibilities and how these should be enacted (Benjamin A. Nevile, Simon J. Bell and Bulent Mengic, 2006). According to Woods (1991) definition, corporate social performance is a business organizations configuration of principles of social responsibility, processes of social responsiveness, policies, programs and observable outcomes as they relate to firms societal relationship. Whereas Zeller, Lapenu and Greeley, (2003) stated that the social performance of an organization (whether a private-for-profit firm, cooperative or NGO) comprises the relations of the organization with its clients and with other stakeholder groups. Social performance is not equal to social impact, i.e. the change in welfare and quality of life (in all of its dimensions) among clients and non-clients (and the wider local, national and global community) due to the activities of an organization. The measurement of social performance involves investigating the structure of an organization (i.e. mission, ownership, management principles, relation to and care for its staff) and its conduct in the market and local and wider community such as services, products, market behavior, other relations with clients and other stakeholders, incl. community and social/political organizations (Zeller, Lapenu and Greeley, 2003). Furthermore based on Davis (1973) iron law of responsibility, the principle of corporate social performance incorporates the principle of legitimacy, whereby the society has the right to define an organization's legitimate functions such as the principle of public responsibility, where

an organization must take responsibility of social problems that are related to their business operation (Preston and Post, 1975) and the principle of managerial discretion, which recognized that business decision are made by moral human actors (Carroll, 1979). For this study, the definition of Wood (1991) will be used to define corporate social performance.

Bank reputation

Reputation plays an especially vital strategic role in service markets because, the pre- purchase evaluation of service quality is necessarily vague and incomplete. It is apparent that bank reputation also plays an important role in the determining of purchasing and repurchasing and behaviors of customers (Yonggui Wang, Hing P;2003). According to (Barich and Kotler, 1991; Andressen and Lindestad,1998) customer loyalty is similarly enhanced especially in retail banking industry where quality cannot be evaluated accurately before purchase. It is also widely acknowledged that a positive reputation is a strategic factor that can be employed to earn above average profit (Weigelt and Camerar, 1988). Nguyen and Leblenc (2000) defined reputation as an effective means of predicting the outcome of the service production process and can perhaps be considered the most reliable indicator of the ability of a service firm to satisfy a customers desires. Economists have analyzed issues of reputation in relation to product quality and price (shapiro, 1983). Researchers in marketing have considered reputation under the rubric of brand equity or customer equity and have associated it with the credibility of the firm (Aaker, 1996; Rust et al, 2001). Gatewood et al, (1993) and Shapiro (1983) described reputation as a combination of tough competitor, providing a good place to work and having quality products. A good reputation among different stakeholders provides several benefits such as higher customer retention (Caminiti, 1992; Preece et al, 1995) thus increasing repurchases and higher product prices (Shapiro 1983) which both lead to higher income as well as lower costs via reduced personnel fluctuation (Ceminity, 1992; Dowling, 1986; Edson and Master,2000; Preece et al, 1995; Nakra 2000). Finally reputation is a result of the past action of a firm, and can be viewed as a mirror of the firm's history of communicating to its target group information about the quality

of its product in comparison with those of competitors, thus reflecting what stakeholders think and feel about the firm and indicating that the organization is highly esteemed, worthy and meritorious (Weigelt and Camerer, 1988; Hall, 1993; Fombrun and Shanley, 1990). The researcher will use the definition of Nguyen and Leblenc (2001) to define bank reputation for this study.

Relationship between banks overall service quality and bank reputation

Reputation plays an important strategic role in service markets because the pre-purchase evaluation of service quality is vague and unpredictable (Barney 1991; Hall 1993). So according to Yonggui Wang (2003) statement, it is apparent that quality of service and product not only benefits by lowering cost through reduced waste and decreased deficiencies in products and services, but also by increasing competitiveness through the establishment of a good reputation. Rao (1994) claimed that the reputation is a result of financial performance, production quality, service quality, management effectiveness- or some combination of this various factor that appeal in one way or another to a firm's multiple constituencies. So it is widely agreed in all manufacturing industries as well as all service industries that improvement in service quality will certainly contribute to apposite reputation. Finally the following hypothesis was proposed by Yonggui Wang and Hing P (2003) 'banks overall service quality has a positive impact on bank reputation.

Relationship between banks overall product quality and bank reputation

Product quality has been become a priority of mangers if they are willing to build a strong reputation for their firm, Yonggui Wang and Hing P (2003). This is because customer value products as well as services in the course of accumulating the judgment over time about quality- which determines the effectiveness of the reputation building activities of a firm especially in service industries (Nguyen and Leblenc, 2001). So Julian and Ramaseshan (1994) stated that, delivering quality product and service to customer is essential for success and survival in

today's competitive banking environment. The provision of products and services of high quality enhances reputation, improve customer retention, attract new customer through word of mouth, and increases financial performance and profitability. Finally the following hypothesis was proposed by Yonggui Wang and Hing P (2003) "banks overall product quality has a positive impact on bank reputation".

Relationship between corporate social performance and bank reputation

Reputation has recently received increased attention by scholars as an important theoretical construct for the study of corporate social performance (business and society, Vol.41 No.4, December 2002, special issue). This has resulted from the recognition that stake holder's resource allocation decisions are based on an overall evaluation of organizations behavior thus corporate social performance. Zeller, Lapenu and Greeley, (2003) stated that the social performance of an organization (whether a private-or-profit firm, cooperative or NGO) comprises the relations of the organization with its clients and with other stakeholder groups. On the other hand reputation is stakeholder's assessment of the credibility of the organizations projection. Reputation therefore comprises a holistic evaluation of organizations image, framed by stock holder's personal value regarding corporate social performance. More specifically, corporate reputation comprises a global perception or net assessment of the organizations social behavior based on stakeholder's instrumental or normative expectation (Benjamin A. Neville, Simon J.Bell, bulent Menguc, 2005). Moreover stakeholder evaluates organizations motivation, processes, outcomes and reputation holistically and relative to their particular expectation about social performance. So finally (Benjamin A. Neville, Simon J.Bell, bulent Menguc, 2005) propose that "corporate reputation will be directly and significantly related to corporate social performance". They also added that the positive relationship between corporate social performance and corporate reputation will strengthen as the fit between social initiatives and corporate strategy increases.

Operational Definitions

Summaries of the operational definitions of the measured variables that have been used are listed below in Table 1.

Table 1: Operational Definitions of Measured Variables

| Measured Variable | Operational Definitions |
|-------------------------------|--|
| Banks overall service quality | Will be operationally defined by (Gonoroos, 1984) |
| Banks overall product quality | Will be operationally defined by Garvin (1988). |
| Corporate social performance | Will be operationally defined by Wood (1991) |
| Bank reputation | Will be operationally defined by Nguyen and Leblenc (2001) |

Research Questions

This study proposed to investigate the following research questions:

1. Is there any significant relationship between overall service quality of bank and bank reputation in the context of banking industry of Bangladesh?
2. Is there any significant relationship between overall product quality of bank and bank reputation in the context of banking industry of Bangladesh?
3. Is there any significant relationship between corporate social performance and bank reputation in the context of banking industry of Bangladesh?

Hypothesis

The hypotheses derived from the research questions are:

1. There is a significant relationship between overall service quality of a bank and bank reputation in the context of banking industry of Bangladesh.
2. There is a significant relationship between overall product quality and bank reputation in the context of banking industry of Bangladesh.

3. There is a significant relationship between corporate social performance and bank reputation in the context of banking industry of Bangladesh.

Development of Conceptual Framework

The researchers have developed a conceptual frame work for this research based on the research variables, such as banks overall service quality, banks overall product quality, corporate social performance and bank reputation. According to Ticehurst and Veal (2000), a conceptual framework indicates how the researcher views the concept involved in a study especially the relationship between concepts.

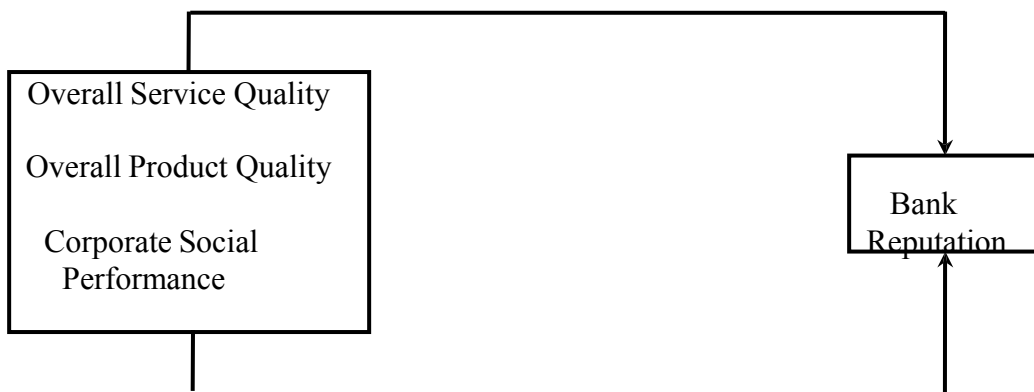


Figure1. Conceptual Framework of Research Variables and their Relationships

Methodology

Research Design

This study has been design to identify the research questions and to test its hypotheses by conducting a co-relational research. The preceding conceptual framework (Figure 1) of the proposed model depicts the pattern and structure of the co-relational relationships among the set of measured variables. The conceptual framework illustrates the name of research variables and relationship with them. The research question and hypotheses clearly support this model. In this study the researchers have investigated the relationship between overall service quality, overall product quality, corporate social performance and bank reputation within the context of banking industry in Bangladesh. According to Cooper & Schindler (2003), the research that study the relationship between two or more variables is referred to as a co-relational study. That is why co relational research design has been adopted in order to detect the appropriate answers of research question and to test the hypothesis.

The purpose of this study is to investigate the causal relationship among the measured variables. Here banks overall service quality, overall product quality and corporate social performance are considered as independent variable and bank reputation is considered as dependent variable.. In this research, the researchers intended to identify whether any relationships exists between these measured variables or not. So the researcher is attempting to find out, if any changes in the independent variable have a changing effect on the dependant ones as well, thereby proving that a relationship exists. A co relational study provides a measure of the degree between two or more variables. Therefore, the present study was characterized as a co relational study.

Research Approach

To analyze this research problem, the researchers have gathered information from the clients who maintain regular transaction in their deposit account and those who are taking regular service for in land remittance and foreign exchange. Researcher used structured questionnaire for this study. The rationale behind using questionnaire to collect data is:

- 1) It takes competitively less time to fill up a questionnaire. Therefore, the customers will not be reluctant in providing accurate data.
- 2) Personal interview is both time and cost consuming.
- 3) The data gathered through questionnaire is easy to put in quantitative analysis.

The entire participants were given a letter from the researchers explaining the context of the research focus. All participation was voluntary. If the participants wanted to withdraw, they were free to do so at any time without providing any reason. Therefore, questionnaire is the most useful method to collect data for this study.

Sampling Method

The sample of this research is formed by the clients who had taken service from 10 renowned private commercial banks in Dhaka city during the data collection period of this study. The researcher used simple random sampling method to determine sample size from the population of this research. Malhotra (2003) categorized simple random sampling as a probability sampling. The sampling frame was client's database of each bank. From this data base the researchers collected the name of clients and during the survey period who had undertaken transaction, from them information were received. The list was considered as the appropriate source to use for this study. It covers all clients of the bank who deposit and withdraw cash on a regular basis. The sample size was 80 in this case. In the previous researchers which are conducted on similar topic has used a sample size of 100 to 200 (Yonggui Wang, Hing- P. Lo, 2003). But due to time limitation researchers only used a sample size of 80.

Data Collection Procedure

The questionnaire, which is mentioned before, was distributed among the clients through the researchers. There are several reasons behind the selection of this method. First, it allows large amounts of information to be obtained at a relatively low cost. Second, more accurate responses are obtained because interviewer bias is avoided. Finally, the number of non-usable questionnaires is reduced since the personal contacts tend to make respondents more cooperative in completing the questionnaires.

Survey Instrument

The researchers will use questionnaire method in order to gather data from this study. The sample size is 80 of this study. So it is not possible to make a personal interview with the large number of sample as the time for this study is limited. On the other hand the samples can fill up the questionnaire without any hesitation although they have chance to quite at any time. Moreover, the researchers found that most of the previous research with large number of sample size has done by questionnaire method.

A structured questionnaire will be used in this research to collect data from the respondents. The questionnaire is divided into four sections. First section consists of Banks overall service quality, second section consists of banks overall product quality, third section consists of banks corporate social performance and last section consists of banks reputation.

The first 9 questions have been set to measure the respondents' opinions regarding banks overall service quality. This scale was taken from Yonggui Wang, Hing-P, Lo and Yer (2003) and has a reliability of 0.89. Questions (10 – 18) measures the banks overall product quality regarding product convenience and product availability, these have been used by Yonggui Wang, Hing-P, Lo and Yer (2003) and has a reliability of 0.80. The next 2 questions (19 – 20) are expected to measure bank reputation. This has been taken from Yonggui Wang, Hing-P, Lo and Yer (2003) and has a reliability of 0.81. The last 4 questions measure corporate social performance. The scale was developed and used by Quester and Lim (2003) with a reliability of 0.55. For all of these variables, the previous researchers had used 7 point Likert scale starting from 1 for strongly disagree to 7 for strongly agree. Therefore, the researcher of present study also used 7 point Likert scale to measure all these variables.

Pilot Test Questionnaire

A pilot test was conducted to detect weakness in designing instruments and to provide proxy

data for selection of probability sampling (Cooper and Scahindler, 2003). According to Malhotra (2003), pre-testing refers to the testing of the questionnaire on a small sample of respondents in order to identify and eliminate potential problem. The researchers intended to conduct a pre-test to evaluate the questionnaire for clarity, bias, ambiguous questions and find out whether it is relevance to organizational setting of IBBL. Burns and Bush (1998) suggested that a pre test of 5-10 representative respondents are usually sufficient to identify problems with a questionnaire. The researchers distributed 10 questionnaires among 10 clients of IBBL.

Data Analysis Procedure

Pearson's Correlation analysis was used to find out whether any relationship exists between the independent and dependent variables. Correlation analysis is the statistical tool that can be used to describe the degree to which one variable is linearly related to another (Levin & rubin, 1998). After collecting the data, correlation matrix for the variables was prepared and the researcher used enter and stepwise regression to test the strength of associations between the study variables. The Statistical Package for Social Science (SPSS) version 11 was employed to analyze the collected data from the survey.

Results of the study:

The results of analysis of data through quantitative method have been presented below:

Table 2 *Reliability Coefficients and Descriptive Statistics*

| Variables | Number of Items | Alpha Values | Mean | Std.Deviation |
|---------------------------------|------------------------|---------------------|-------------|----------------------|
| Overall service quality | 9 | 0.9261 | 5.2167 | 1.32438 |
| Overall product quality | 9 | 0.9315 | 4.5028 | 1.41432 |
| Corporate so-performance | 9 | 0.5509 | 6.1375 | 0.81024 |
| Bank Reputation | 2 | 0.8049 | 4.6500 | 1.56989 |

n= 80

Above table depicts us the calculated value of alpha, mean and standard deviation of the studied variables. The questions in the questionnaire to approach the variables were obtained from various articles. The alpha values, means and standard deviations have been calculated by SPSS 11 through input of research data. The survey was done with a questionnaire having a 7 point likert scale as the response format. The alpha values represent the reliability of each studied variable. The value of alpha ranges from 0 to 1. The nearer the value of alpha to 1, the better the reliability. If the value is low, either there are too few items or there is very little commonality among the items (Churchill, 1979). At the early stages of research, Nunnally (1978) suggested that the reliability of 0.50-0.60 is sufficient, although a coefficient of 0.7 or above is desirable (Hair et al., 1998). The total alpha of the study is 0.9553. Table 1 lists alphas for all variables for private commercial bank in Bangladesh. The means have been calculated by taking the average of all the answers of the questions in each variable. The calculated mean for banks overall service quality is 5.2167 with a standard deviation of 1.32438. This shows that on an average people think fairly positively about overall service quality as the value is above 4 which is a point that shows the indifference of people's opinions. The mean for overall product quality is 4.5028 and has a standard deviation of 1.41432. So it can be interpreted that respondents generally have

slightly positive perceptions about banks overall product quality. Corporate social performance has a mean of 6.1375 and a standard deviation of 0.81024. This shows that people have a positive perception on corporate social performance. The mean value for bank reputation is 4.6500 with a standard deviation of 1.56989. This gives the idea that the general people have on an above average perception regarding bank reputation. The standard deviation shows how much people's opinion differs from the mean value for each other perception.

Table 3 *Correlation Analysis*

| Service quality | Product quality | Social performance | Bank reputation |
|---------------------------------|------------------------|---------------------------|------------------------|
| O.All service quality | - | 0.832** | 0.500** |
| O.All product quality | | - | 0.335** |
| Corporate So-Performance | | | - |
| Bank reputation | | | - |

** . Correlation is significant at the 0.01 level (2 tailed)

A correlation analysis was conducted on all variables to explore the relationship between 2 variables particularly relationships among the independent variables with dependent variable. The bivariate correlation procedure was subject to a two tailed of statistical significance at two different levels, highly significant ($p < .01$) and significant ($p < .05$).

In interpreting the strength of relationships between variables, the guidelines suggested by Rwontree (1981) were followed. His classification of the correlation coefficient (r) is as follows:

| | |
|------------|-------------------------|
| 0.0 to 0.2 | Very weak, negligible |
| 0.2 to 0.4 | Weak, low |
| 0.4 to 0.7 | Moderate |
| 0.7 to 0.9 | Strong, High, Marked |
| 0.9 to 1.0 | Very strong, very high. |

The results of correlation analysis for all the variables are shown in Table 3. It examines the correlations among banks overall service quality, overall product quality, corporate social performance, and bank reputation in the context of private commercial banks in Bangladesh. The variable, overall service quality significantly and strongly positively correlated with the dependent variable bank reputation ($r = .809, p < .01$). Overall product quality is found fairly and positively correlated with bank reputation ($r = .742, p < .01$). The variable, corporate social performance is weakly and positively correlated with bank reputation ($r = 0.362, p < .01$). Banks overall service quality is also significantly and positively correlated with banks overall product quality ($r = 0.832, p < .01$). But overall service quality is very moderately correlated with corporate social performance ($r=0.500, p < .01$), and overall product quality is very weakly correlated with corporate social performance ($r=0.335, p < .01$).

Table 4 *Linear Regression (enter method)*

| Variables | R | R ² | Adjusted R ² | Std. error of the estimate |
|---------------------------------|-------|----------------|----------------------------|-------------------------------|
| Overall service quality | 0.820 | 0.673 | 0.660 | 0.91524 |
| Overall product quality | | | | |
| Corporate So-performance | | | | |

In table 4 linear regression show how much independent variable is influencing dependent variable. From the R² it is very apparent that overall service quality, overall product quality, and corporate social performance has 67.3% influence on bank reputation. In the above table 4 R square (R²) or adjusted R square (R² adj) show how well the linear combination of IVs in the regression analysis predicts the percentage of total variance of DVs, whereas the a change in R² is the difference between an R² for one set of predictors and an R² for a subset of these predictors.

Table 5 Stepwise regression of bank reputation

| Dependent variable bank reputation | | | | |
|---|----------|-------------|----------|----------------------|
| Independent | | | | |
| Variables | B | SE B | β | R² |
| Overall service | | | | |
| Quality | 0.960 | 0.079 | 0.809** | 0.655 |

Further, stepwise regression has been shown in order to find out which one of the three components influence the clients to consider as a key antecedent of bank reputation. Table 5 shows the result of the analysis. At this stage, the overall service quality ($p < .01$) is found to be significantly related with bank reputation, while the rest two (Overall product quality, and Corporate social performance) fail to be considered. It implies that the banks clients still consider service quality as a main driver of bank reputation. Overall product quality and corporate social performance, these two variables has been excluded from the regression equation because they don't have significant association and hence it would not fit into it. From the R^2 it is apparent that, overall service quality explains 65.5% of the variance of the bank reputation. Regression coefficient (B) reflects the relative impact of IVs on DV. Hair et al. (1998) cautioned that beta coefficients should be used only as a guide to the relative importance of the independent variables included in the equation, and only over the range of values for which simple data actually exist. The beta (β) value indicates the effect of IVs on DV to the effect on DV of other IVs at each stage, because this value reduces regression coefficient to a comparable unit, the number of standard deviations (Tabachnick & Fidell, 2001).

Standard Error of the Beta (SEB) coefficient is the standard error of the estimate of beta (B).

In case of SEB, a small standard error implies a more reliable prediction.

Assessment of research hypothesizes

Hypothesis 1

There is a significant relationship between banks overall service quality and bank reputation in the context of banking industry of Bangladesh.

The result of correlation analysis depicts that banks overall service quality is positively and significantly correlated with bank reputation ($r = 0.809$, $p < .01$). It is obvious that a positive correlation exist between service quality and reputation because if people get best service from the bank he will recommend that bank to others thus reputation enhances. Thus, the result of correlation analysis provided support for hypothesis 1.

Moreover, the result of stepwise regression also depicts that in overall service quality of a bank ($p < .01$), is found to be statistically significantly related with bank reputation. Significantly and positively related predictor variable, service quality explained 65.5% of the bank reputation. Hence, the result of stepwise regression support for hypothesis 1.

Hypothesis 2

There is a significant relationship between overall product quality and bank reputation in the context of banking industry of Bangladesh.

The result of correlation analysis depicts that banks overall product quality is positively and strongly correlated with bank reputation ($r = 0.742$, $p < .01$). Thus, the result of correlation analysis provided support for hypothesis 2.

However, the result of stepwise regression describe that overall product quality of a bank within the context of Bangladesh failed to enter into the regression equation which indicates that it is not significantly associated with bank reputation. Therefore, the result of stepwise regression analysis provided no support for hypothesis 2. As far as theory and previous empirical studies are concern; it should support the hypothesis but may be the inattentive and whimsical responses of the respondents created the unsupportive nature of the result of regression analysis.

Hypothesis 3

There is a significant relationship between corporate social performance and bank reputation in the context of banking industry of Bangladesh.

The result of correlation analysis depicts that corporate social performance is positively and weakly correlated with bank reputation ($r = 0.362$, $p < .01$). Because social performance indicates social responsibility and firms contribution to social welfare that makes a good perception among clients. Thus, the result of correlation analysis provided support for hypothesis 3.

However, the result of stepwise regression describe that corporate social performance of a bank within the context of Bangladesh failed to enter into the regression equation which indicates that it is not significantly associated with bank reputation. Therefore, the result of stepwise regression analysis provided no support for hypothesis 3. As far as theory and previous empirical studies are concern; it should support the hypothesis but may be the inattentive and whimsical responses of the respondents created the unsupportive nature of the result of regression analysis.

Significance of the Study

Business organization's success is recognized as the dominant factor of the loyalty of the customer/client towards the brand or organization. It is commonly known that customer satisfaction is related to customer loyalty, which in turn related to profitability (Hesket et al, 1994; Storbacka et al, 1994). On the other good reputation derives from the factor of clients overall satisfaction, and these two variables can achieve profitability. The study will make the following significant contribution in the context of banking industry in Bangladesh.

First, this study will help the researchers to extend their understanding of the correlation relationship between banks overall service quality, overall product quality corporate social performance, and bank reputation. The results of this study will expose the importance and

impact of their relationship in the banking sector in Bangladesh.

Second, the present study will help the banks manager to better understand of how to hold loyal clients by satisfying their overall needs, and hold the clients trust upon the bank which thus results good profit, and enhances reputation as well.

Third, no such study was conducted to address this concern in the context of commercial bank in Bangladesh. The study result will produce a methodology which can be imitated by other study also.

Finally, as the researcher are only considering bank, there is always scope for further study in other service organizations in Bangladesh like hospitals, hotels, telecommunication companies, airlines, etc.

Recommendation and Conclusion

After analyzing the study variables in the context of the banking industry of Bangladesh, the following issues were found to be recommended.

From the result of the correlation analysis it was found that three studied independent variables are strongly and positively correlated with dependent variable. But from the result of stepwise regression, it was revealed that only overall service quality is significantly related to bank reputation thus it seems very important drivers for bank reputation for our clients. So overall service quality should be taken especial care for the benefit of the bank. Although different kind of banking card or product, and scheme has been introduced in our country by foreign bank, still majority people are not aware about that. Because banking products are completely different from other product and their functions are also vague and complex in people mind. So management of banks should take effective measure so that they can bring their product to peoples mind and make them understand about their products attributes. Beside that management should ensure that all of their branches are operating in similar fashion and providing similar product choices (such as savings, cards, and personal loans) so that clients of any location have similar perception about bank. Furthermore, managers should improve quality

of their product overtime with the changing environment. The survey result of this study indicates that the main reason for customer to planning to switch to a new bank is that new bank provides a greater variety of bank products. Therefore, if managers were to become convinced that product quality plays an important role in the process of positive reputation building, they could identify the key antecedents and take measure to improve it. On the other hand every corporation should contribute in nonprofit oriented social welfare activities which build a positive image on peoples mind and thus the reputation of bank increases. Corporate social performance represents their belief, values, behavior, culture, etc and can be also considered as promotional activity. Finally it is therefore very important for any retail bank in Bangladesh to take effective measures to improve service quality, product quality, and corporate social performance if they are to build and enhance their reputation and thus attract a large share of profitable customers and maintain a sustainable competitive advantage in the long run.

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