

## **The Effect of Service Quality Perceptions On Consumers' Complaint Intentions: A Study in Banking Sector**

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### **Extensive Summary**

Customer service is one of the most significant factors in consumers' selection of retailers and other service providers. Most consumers make their purchases according to the quality of the customer service provided. The customer service approach includes such variables as the sensitivity, reliability, convenience, and responsiveness of human resources as service provider regarding the service provided (Kerin, Jain & Howard, 1992; Zeithaml, Berry & Parasuraman, 1988). Another essential point regarding customer service that needs to be taken into account is that consumers prefer the retailers and service providers that consider customer complaints (Goodwin & Ross, 1990). Consumers are often more attentive about how the problems that may arise after the sale are resolved by the vendors than the level of service offered during the sale.

An efficient complaint management within the scope of customer service assists the realization of long-term profitability of business management. The businesses that consider and handle the customer complaints and are recognized this way are observed to create customer loyalty in short time and enhance their market share otherwise lose their customers (Blodgett, Granbois, & Walters, 1993, p. 29).

Proper management of complaints by businesses will also bring some benefits. Complaints indicate the negativities and/or lack of fulfillment of the promises given to customers, and thus customer dissatisfaction. In such an environment where competition is so intense, the businesses that systematically handle and analyze customer complaints have the competitive advantage as well as it helps to create a high quality perception among customers regarding the goods and services (Zeithaml, Bitner, & Gremler, 2013).

In the literature, the concepts of customer service and customer complaining behavior are closely associated. Blodgett et al. (1995), in their study that examines the effects of customer service on consumer complaining behavior, discuss the process of customer relationship management based on the model of the consumer complaining

behavior process. Another study (Singh, 1988) conceptually analyzes customer's complaint intention and behavior and emphasizes the categorization of headings in respect to the subject of the complaint. Moreover, Butelli (2007) examines the consumer complaint behavior with a detailed literature review. Boote's (1998) study extends the category of complaint behavior and discusses the extended consumer complaint behavior within the context of customer relationship management. Ayaz and Torlak's (2011) study reveals the factors that affect the complaint intention of customers traveling on high-speed trains and demonstrates that the attitude towards complaint had an important and meaningful effect on complaint intention.

In the literature, banking sector and the complaints frequently encountered in this sector are also discussed within the scope of customer relationship management. The complaints in the banking sector are discussed under 5 main and 17 sub-headings and the points of complaints are agreed on (şikayethaber.com, 2014, p.1). Considering the complaints about banks around the world, it is found out that 63% of the customers is not satisfied with the bank services, though only 11% of them makes a complaint (Press, Ganey, & Hall, 1997, pp. 73-74). White and Yanamandram (2004) in their study conducted in Australia, conclude that customer complaints vary according to three variables: type of account, duration of dissatisfaction, and gender. In another study conducted in India regarding the banking sector, four types of customer profiles concerning attitude towards complaints have been identified (Siddiqui & Tripathi, 2010, p. 119). According to the research result, these customer groups consist of those who do not make a complaint, those who change their minds, those who instantly make a complaint, and those who always think positively.

The aim of this study is to reveal the effect of service quality perception on the intention of customer complaints with an application in the banking sector. The reason for practicing implementation in the banking sector in particular, which is included in the financial services category, is that banking services are tangible, invisible, and abstract, and quality measurement is a difficult task. On the other hand, banks must continuously measure and evaluate the quality of service and therefore customer complaints in order to ensure continuity and be able to compete.

The population includes the Gebze District of Kocaeli province and the research is based on the "Public Deposit Money Bank." The questionnaire formed by taking other studies in the literature as an example has been applied to three different customers of Public Bank by selecting one branch. In the study, the questionnaire was conducted to 180 participants, and thus the target number of the determined sample was exceeded. The two essential hypotheses that consist of the sub-hypotheses of the present study are as follows:

H1: There is a relationship between perceived quality of service and intention to complain.

H2: There is a relationship between demographic characteristics and perceived service quality as well as complaint intention.

The majority (56%) of the participants is women. Approximately 45% of the participants appear to be between 26-30 years of age. It is determined that the vast majority of the respondents are undergraduates, and their incomes are above 2001 TL (62.8%, 61.7% respectively).

Looking at the descriptive statistics regarding the variables, the complaint intention appears to be high. In terms of service quality dimensions, the most favorable dimension by the customers is the physical assets, that is, the interior and exterior of the building, the colors, and the new, elegant, and organized outlook. On the other hand, customer loyalty and the perceived accessibility to the bank services are relatively low. According to the Pearson Correlation analysis performed, a weak positive relationship between the variables of "Physical Assets" ( $p < 0.01$ ;  $r = 0.289$ ), "Responsiveness" ( $p < 0.05$ ;  $r = 0.156$ ) and "Empathy" ( $p < 0.01$ ;  $r = 0.201$ ) and "Complaint Intention" is observed. According to the findings, the banks have faced raising expectations in regard to possessing modern and sufficient qualifications in service delivery process, clean and neat appearance of employees, offering sufficient physical possibilities and their compatibility with the services provided, willingness of employees to help customers, employees being polite and respectful, convenience of the employees when carrying out banking operations and showing sensitivity towards customer's problems of banking operations, and exerting effort for the optimal solutions.

Before testing the relationship between demographic variables and variables of service quality perception and complaint intention, Kolmogorov-Smirnov test was performed to determine whether the data were normally distributed, and the data with normal distribution was run with parametric tests (ANOVA) while the data that were not normally distributed are performed via non-parametric tests (Mann-Whitney U, Kruskal-Wallis). The findings reveal that there is no statistically significant difference between men and women in terms of "empathy", "loyalty", "accessibility", "assurance" which are stated to be the dimensions of service quality and "complaint intention." However, compared to women, men were found to have favored the financial assets more and found their banks more sufficient in terms of reliability and responsiveness.

In order to determine whether the service quality perception and the complaint intention differ by age, non-parametric Kruskal-Wallis test, which is used to compare more than two groups, was performed. There was no statistically significant difference between different age groups and the service quality dimensions; "physical assets", "reliability", "empathy", "responsiveness", "loyalty", and "assurance" ( $p > 0.05$ ). On the other hand, it was observed that there was a difference in "accessibility" scores between different age groups ( $p = 0.029$ ), and the customers at the age of 41 and over rated their "accessibility" more positively. In this case, it is recommended to develop the Internet infrastructure and increase the usage by encouraging the use of online banking in order to improve the perceived accessibility with the younger customers who are under 41.

To determine whether the service quality perception and the complaint intention vary according to income, non-parametric Kruskal-Wallis test was performed to compare more than two groups. According to the results, a statistically significant difference was noted between the different income groups in terms of the score of "physical assets" ( $p = 0.000$ ). It has been found out that people with low income have a more positive appraisal of the physical assets of their banks.

Furthermore, it is observed that there are significant differences ( $p = 0.000$ ) between the groups in terms of "reliability", "empathy", "loyalty" and "assurance" scores and people with low income have found their banks to be more reliable, emphatic, and sufficient and thus the loyalty is higher. Similarly, the importance placed on the quality of "Accessibility" also vary among the income groups ( $p = 0.011$ )

indicating that the customers with low income evaluate their accessibility more favorably. Nonetheless, it was also found out that the complaint intention was not affected by the level of income ( $p=0.788$ ).

The non-parametric Kruskal-Wallis test was run to determine whether the perceived service quality and customer's complaint intention differ according to the educational status. It is determined that the high school graduates value the "physical assets" more positively while primary school graduates rate their banks more positively than other groups in terms of "reliability" dimension. While the high school graduates find their banks more "responsive" in terms of service, the primary school graduates have the most positive perception of "empathy." Besides, the results show that the primary school graduates display more "Loyalty" and find their banks more favorable in terms of "accessibility" and "assurance" in general than the other groups.

As for the hypotheses tested based on the findings, the hypotheses that there is a relationship between the perceptions of physical assets, responsiveness, and sensitivity and complaint intention is accepted whereas the hypotheses that there is a relationship between the perceptions of reliability, assurance, loyalty, and accessibility and complaint intention is rejected. While the hypotheses that the perceptions of service quality dimensions vary according to gender and age are partially accepted, the hypotheses that the perceptions of service quality dimensions differ according to income and education status are wholly accepted. However, hypotheses that the complaint intention differed by sex and age were rejected.