



A STUDY AN UNPLEASANT BANKING EXPERIENCES AND COMPLAINT BEHAVIOR IN KAZAKHSTAN

Radmila Salemovna Jugenissova

Faculty of Business Management, Asia Pacific University of Technology and Innovation (APU), Malaysia

Benjamin Chan Yin-Fah[†]

Associate Professor, Faculty of Business and Management, APU, Malaysia, Research Fellow, Centre for the Study of the Economics of Ageing (CSEA)

Lim Li-Chen

Faculty of Business Management, APU, Malaysia

Han Kok-Siew

Faculty of Business Management, APU, Malaysia

ABSTRACT

Customer satisfaction is commonly discussed in various industries, but this paper one of very few studies which have investigated the unpleasant banking experiences and complaint behavior in Kazakhstan country. The data were collected through self-administered questionnaire, and distributed through non-probability snowball sampling method. A total of 100 of completed and usable questionnaires has been collected in Aktau city. The finding had identified the most unpleasant banking experiences faced by the Khazankans' respondent as well as their action in complaint behavior. This study is important to the financial institutions to understand consumer's unpleasant experiences and complaint behavior. The complaint management of banks could also make improvement and strengthen on reducing customer complaints.

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Keywords: Customer unpleasant experiences, Customer complaint behavior.

1. INTRODUCTION

Since 1993, the Kazakh banking system has been formally arranged into two tiers, with the National Bank of Kazakhstan (NBK) comprising the first tier and all other commercial banks, both private and state-owned, comprising the second tier. The Kazakhstan banking system goes on to be one of the strongest among the states of the old Soviet Union (National Bank of Kazakhstan, 2014). Total financial institution assets are around 10% of GDP, and the National Bank of Kazakhstan supports the private banks by sufficient allocated resources. Today, in order to maintain their profit

[†] Corresponding author

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and success, banks must keep their customers satisfied. However, customer protest as well as complaint seems inevitable in the banking industry. Although the customer complaint is an inseparable part of the banking industry (Bramble, 2011), these customers are willing to sacrifice a chance to the bank management for improvement in order to maintain business transactions in the same bank (Kitapci and Taylan, 2009). However, not all the complaints will directly forwarded to the bank. In such a case, the bank will miss the chance of correcting its mistakes, and therefore, will lose its customers. Moreover, the reputation of the bank will be smashed by the negative views aired by dissatisfied customers, which in turn will result in losing the prospective customers. In addition, the bank will not be capable to improve without the valuable feedback of the complaints and will easily lose the competition in the marketplace. As a result, the field of consumer complaint behavior in the banking industry is essential for the banks to deliver sustainable prosperity (Meng, 2010). Experience is determined as the entirety of a person's perception, thoughts and encounter by the consumers (Oliver, 1997). There are various cases of consumption or used experiences which are i) experience with different service; ii) experience with standardized service; and iii) experience with the new service. These experiences can cause a straight or indirect effect on customer unpleasant experiences. A study conducted Hakimah *et al.* (2010) in Malaysia argued that consumers' unpleasant experiences were primarily influenced by respondents' self efficacy rather than explained by their socio-demographic profile.

The financial institutes are trying to provide best-quality services in the proper way to produce consumer pleasant leading to consumer repurchase and keeping long-term consumer allegiance (Siddiqui and Tripathi, 2010). These customer are one of the really hard basics for banks to protect. Consequently, banks try to send their marketing mix in order to encounter their target marketplace's needs and requirements. The customer complaint behavior arises when their satisfaction of service and product performance are below their expectation. In this case, consumers start to complain and negatively express their emotions to the bank staff and overall bank. The main reasons which lead consumer complaint behavior in banks are rude behavior staff, delay in service, hidden costs, long queue and provided wrong information (Meteran and Yasemin, 2011).

2. PROBLEM STATEMENT

According to Tronvoll (2007), consumer complaint behavior can be described as a procedure that is created when the customer's experience of the given service is beyond acceptance level. This conduct is stated in the method of communication with the other party and causes a change in the behavior (Tronvoll, 2007). Customer complaint behavior consists of types of behavioral and non-behavioral replies, which are induced by unpleasant experiences with the banking service. However, according to Blodgett *et al.* (1995) view, there is not a comprehensive and unified view on the customer complaint behavior. Johnston and Mehra (2002) have claimed that dissatisfied consumers should complain due to if a consumer is unhappy, but does not complain, the bank risks losing the client. Learning about the consumer complaint behavior procedure will subsequently help banks to serve clients properly and avoid an unpleasant banking service experience. Though study on customer complaint behavior focused on different characters of the complainers, little attention was focused on the banking industry from developing countries like Kazakhstan. Hence,

this study was designed to evaluate the degree of customer complaint behavior currently practicing in Kazakhstan. The need of understanding customer is very crucial since it may divert the customer to another selection of the banks. Given that customer complaint behaviour is a crucial determinant of banking experience, a study of unpleasant experiences in Kazakhstan banking industry will help managers and other bank stakeholders to understand, predict and avoid future unpleasant experiences. The findings will further suggests what kind of changes in products and services help to decrease unpleasant experiences of customers in the banking industry.

3. LITERATURE REVIEW

3.1. Banking Industry

The banking sector has developed rapidly to be on top of business sectors. The banking industry as a service organization goes through a vast competition in every country. This is due to increased plenty of banks and customers have a many choices in banking services. The banking industry has taken place meanwhile start of the financial sector reorganizations. This led to introduce the marketing concept in the banking industry and also directed to the aspect of customer satisfaction or customer pleasant experiences. (Siddiqui and Tripathi, 2010)

3.2. Unpleasant Banking Experiences

Nowadays the customer experience is found, the new arena for banks in rapid economy. Experience is explained as a consecutive evaluation process founded on past, current and expected experiences (Klaus *et al.*, 2013). The experience is described as the entirety of an individual's mind, perception and interferes by the customer (Oliver, 1997). There are some types of experiences, such as experience with different products, experiences with similar products and experiences with new product. Customer pleasant or unpleasant experiences can straight or circumstantially depend on these types of experiences (Hakimah *et al.*, 2010). Unpleasant experiences of customers can be explained also as banking service or products perform poorly by banking staff. One of the crucial drivers of unpleasant experiences is the time which customer straight cooperates with a banking service. (Srijumpa *et al.*, 2007). Ineffective and wrong responses from banking staff lead to arise unpleasant customer experiences. Often banking staff and service provide incorrect and incomplete information which negatively affects to customers (Siddiqui and Tripathi, 2010). The disconfirmation model established by is extensively used to clarify the consumer unpleasant experiences of previous researchers. While observed performance tumbles less of consumer's expectation, consumers meet unpleasant disconfirmation. Also unpleasant experiences were caused through negative disconfirmation of service expectations that led to the complaint behavior. An unpleasant experience among the banking servicing industry is described as the service failure leads non-confirmation of service expectation (Tam and Chiew, 2012).

3.3. Customer Complaint Behavior

According to Day (1984) complaint behavior do not always originate from dissatisfaction or unpleasant experiences and dissatisfaction or unpleasant experiences does not always drive to a

complaint behavior; this advises that unpleasant experiences are an essential, but not sufficient, reason for customers complaining. Also Day (1984) claimed that nature of complaining actions is not significantly related to the intensity of unpleasant experiences. Only 5-10 percent of dissatisfied customers usually complain following an unpleasant service experience. Opposite the majority takes action silently and make unpleasant word-of-mouth complain (Tam and Chiew, 2012).

According to Rogers *et al.* (1992), consumer complaining behavior is described as “an action or set of actions arising out of customer unpleasant experiences”. Customer pleasant/unpleasant experiences are generally considered as a subjective estimation of the gap concerning expectations and performance results, where denying non-confirmed expectations direct to unpleasant experiences (Churchill and Surprenant, 1982). A U.S. government study claimed, that a majority of customers 70% who had faced unpleasant experiences with products or services have not complained to the banks. Bolting (1989) contended that around 44% of customers had unpleasant experiences with service complained directly to the banks. At the same time dissatisfied customers often share their unpleasant experiences with others, which can destructively influence sales and service performance and profitability (Day, 1984). A main approach in earlier research classifies categories of complaint behavior to describe customer complaining behavior. Hirschman’s model of complaint behaviors is divided into two types: customer who had unpleasant experiences – exit; or voice complaint. Day and Landon (1977) also abstracted a two types of complaint behavior. There is “action” from “no action,” while the second type differentiated “public action” from “private action”. Moreover, according to Singh (1990) the most expanded typology of customer complaint behavior: voice complaint behavior: actions focused concerning the service; private complaint behavior: sharing with unpleasant experiences with friends and relatives and exit complaint behavior; and third party complaint behavior: actions directed concerning special external agencies. The American Technical Assistance Research Program indicates that about 50% of customers will not complain due to some of them trust that the predicted cost is superior than the predictable profit. Colgate and Hedge (2001) claimed that customer of banks, prefer to keep silent about unpleasant experiences and change to competitors because their opinions of gaining a positive result from complaining will be low (Namkung *et al.*, 2011).

4. RESEARCH METHODS

This research used self-administered questionnaire which will be handed out to the general public with banking experiences in Kazakhstan. This will be the main source of data aggregation for the conducted study. This study will be organized in the Mangistau region Aktau city of Kazakhstan. The participants were selected among those who have bank accounts and are often in dealing with the banks. The questionnaire has been planned which will be put across with the participants via email or either another file sharing ways. To collect more responses, assistance from friends and family were asked to allocate the questionnaire among their circles. A sum of 100 respondents were purposed in order to continue with the data analysis. The questionnaire comprises three sections as for each the dependent and the independent variable with will assist this study to analyze separately and measure the impact among one another The questionnaire was designed as a prerequisite for revealing existing of unpleasant banking experiences and complaint behavior and

divided into three main sections: Section A – Respondent's profile, Section B – Unpleasant banking experiences, Section C – Complaint behavior. Section A consist of 12 items of types if Unpleasant banking experiences, such as long queue, annoying waiting customer, impolite staff/rude behavior, slow work/delay in service, inactive staff, wrong request done, staff not sure of what has to be done, provided wrong information, extending the time frame for simple tasks, biases, hidden costs, structural issues. Section B is customer complaint behavior were assessed by four types of action; no action, complaints, exit and complain and exit. The Pearson Moment Correlation will be utilized to assess the correlation between unpleasant experiences and complaint behavior. Meanwhile, Independent sample T-test, One way ANOVA and Chi-square test will be conducted to reveal the significant difference in unpleasant experiences towards complaint behavior between male and female.

5. RESEARCH FINDINGS

5.1. Respondents Characteristics

A total of 100 respondents was participating in this study. Of the hundred respondents, 50 are male and aged under 40 while the remaining 50 respondents are female and aged above 40. About 45% of them were currently single 45 respondents, while currently married represented 50%, and divorced/separate (5%). Looking into their educational level, the majority of them (92%) had an education up to upper secondary or even tertiary level; while the remaining 8% with secondary education level. From the Table 1 above, it can be clearly seen the majority of respondents had unpleasant experiences in banks. The average rate of all types of unpleasant banking experiences is 31.6%, in the other words, an average of 31.6% respondents has answered "yes" to some type of unpleasant experiences shown above.

In terms of types of unpleasant experiences, this research found that main unpleasant experience among respondents is long queue; weight of percentage is 62%, which is more than half of the total response size. It means that the most of the respondents had the unpleasant experience as stayed in a long queue. In addition, 53% of respondents represent that they had unpleasant experience as a slow work/delay in service. Impolite staff/rude behavior of banking staff as well as one of the significant types of unpleasant experience, accounted 31% and 30% of respondents have been experienced with inactive staff in banks. 26% of respondents agree that they experienced unpleasantness when bank provided wrong information, 25% of the responses shows that annoying waiting customers also one of the factors of unpleasant experiences in the banking industry.

This research found that 22% of respondents experienced unpleasantness when bank staff extended time frame for simple task, 21% of the responses shows that hidden costs also one of the factors of unpleasant experiences in the banking industry. The fewest of responses shows 14% of respondents have experienced unpleasantness that structural issues (crowded, humidity, lighting, seating arrangement), 12% of respondents agree that staff not sure of what has to be done, 11% of respondents faced with the wrong request done and the same percentage with perceived social class biases of the banking staff.

5.2. Complaint Behavior

Table 2 showed that six in every ten male respondents have not acted or lodge any complaints, even they were not satisfied with the service of the bank. It seems that those married respondents (have a comparatively higher tolerance compared to those who are currently single or divorce/separated. Some respondents choose to just walked-out from the bank as their proxy of complaint behavior. A close inspection of Table 2 might find out that this group of clients tends to be male (61.5%), age below 40 years old (69.2%), single (61.5%) and with the higher education attainment (100%). Their action might not be noticed by the staff in most of the times and this will eventually lead to customer dissatisfaction like mentioned in the literature review section.

Looking into the “making noise”category customers, study found that more female (77.3%) than male respondents (22.7%) were grouped into this category. For marital status, Married customer seems to be predator compared to single or divorce/separated customers. The cross-tabulation table shows that those with higher education attainment tends to Lodge a complaint compared with lower education group. This could be explained that an individual with higher education attainment would be more concern with the provided bank services, and the communication skills possessed in university lead them to lodge the formal complaint to the service provider. Lastly, there is a group of customer who had chosen to lodge a complaint to staff, then walked-out from the bank without accomplishing his/her banking transaction in the bank. They are more favorable to this method as their proxy of complaint behavior. The study found that this group of customer tends to be female (52%), those aged 40 and above (48%), married (56%) and with lower education attainment (56%).

5.3. Unpleasant Banking Experiences by Gender, Age Group, Marital Status and Education Level

In terms of gender differences, Independent sample test found that there is a significant difference of unpleasant banking experiences by gender [female respondents ($M=3.38$, $SD=2.530$); male respondents ($M=2.94$, $SD=1.448$)]. It means females had more unpleasant banking experiences than males in Aktau city.

A one-way ANOVA between-groups analysis of variance was performed to investigate marital status differences in mean score obtained by students taking the statistical test. The ANOVA test revealed that there was a statistically significant difference in the mean test score between the three marital status group $F(3, 100) = 5.484$, $p = .0006$. The Bonferoni Post Hoc multiple comparison test shows that there was a statistically significant difference in the mean test score for the following pairs: Currently single and Currently married, and Currently single and Currently divorced/separate, and Currently married and currently divorced/separate. An inspection of the mean scores based on post-hoc comparisons using the Bonferoni test indicated that the Currently married respondents obtained significantly lower mean test score ($M=2.78$, $SD=1.85$) than Currently divorced/ separate ($M=5.80$, $SD=3.30$). Currently single respondents also obtained significantly lower mean test score ($M=3.28$, $SD=1.87$) than Currently divorced/ separate ($M=5.80$, $SD=3.30$). On the other hand, There was no significant difference noted for Currently single ($M=3.28$, $SD=1.87$) and Currently married ($M=2.78$, $SD=1.85$). However, this study found that

there was no significant differences of unpleasant banking Experiences by age group and education level in Kazakhstan country.

5.4. Complaint Behavior by Gender, Age Group, Marital Status and Education Level

A Chi-square test of independence was conducted to assess whether the complaint banking behavior of respondents (No action, complaints, exit, complain and exit) is related to gender (male and female). The finding of the crosstabs analysis of complaint behavior and gender was found to be correlated or related [Pearson χ^2 (3, $N = 100$) = 8.878, $p = 0.031$]. A close review of Table 3 for pattern of relationship reveals that the majority (60%) of the male respondents have not taken action and (61.5) exited, while, (77.3%) of the female respondents have complained and (48%) complained and exited banks. This can be explained, that in general female respondents is more acting when they had unpleasant experiences in the banks. Opposite the male respondents avoid conflicts. The Cramer's V value obtained ($V = 0.298$) indicated that the strength or magnitude relationship between complaint banking behavior and gender is at a moderate level. This study failed to proof any significant differences in complaint behavior by age group, marital status and education level in Kazakhstan country.

6. CONCLUSION/RECOMMENDATIONS

This research found that female customers and divorced/separate customers have perceived more unpleasant experiences in dealing with banks compared to others. This study also outlines that of the Long queue, Slow work/delay in services, and Impolite staff/rude behavior are top three highest unpleasant banking experiences faced by the respondents in this study.

For managerial implications, this research has shown how unpleasant experiences of surveyed respondents influence to customer complaints behavior in the Kazakhstan banking industry. It was shown through general designed framework and finding of analysis hypothesis. Thus, banking industry of Kazakhstan could use it to improve and enhance best results in customer relationship management. It can be utilized in the planning process deeply understand and solve existing customer unpleasant experiences and avoid future complaints. Moreover, it would be helpful to decrease future unpleasant experiences which would lead declining customer complaint behaviour in the Kazakhstan banking industry. Some recommendations and suggestions are proposed as follows:

1. **Complaint reducing staff.** Complaint managers need to be polite, active, patient, build relationship balance between customer interests and banks. The bank needs to conduct trainings for front-office staff to instruct and improve customer complaint behaviour skills for different customer characteristics especially dealing with female clients.
2. **Unpleasant banking experiences.** Complaint management staff needs to conduct surveys by interviewing customers once in a month and pay attention for common existing unpleasant experiences which ever customers faced. Analyze all current unpleasant experiences and their frequencies to reduce them by using qualified and beneficial service.

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Table-1. Unpleasant Banking Experiences

Variable	Percentage of "Yes"
Long queue	62%
Slow work/delay in services	53%
Impolite staff/rude behavior	31%
Inactive staff	30%
Staff Provide wrong information	26%
Annoying waiting customer	25%
Extending the time frame for simple tasks	22%
Hidden costs	21%
Structural issues (crowded; humidity; lighting; seating arrangement)	14%
Staff not sure of what has to be done	12%
Received wrong solution/s upon requested	11%
Perceived social class biases	11%

Table-2. Percentage and frequency of customer complaint behavior by gender, age group, marital status and education level

Variable	Attribute	Complaint behavior (%)			
		No action (n=40)	Exit (n=13)	Complain (n=22)	Complain and exit (n=25)
Gender	Male	60	61.5	22.7	52
	Female	40	38.5	77.3	48
Age group	Below 40	50	69.2	45.5	44
	Above 40	50	30.8	54.5	56
Marital status	Single	47.5	61.5	40	36
	Married	50	30.8	54.5	56
	Divorced	2.5	7.7	4.5	8
Education level	Lower Education	7.5	0	9.1	56
	Higher Education	92.5	100	90.9	44

Table-3. Chi-square test independence for complaint behavior by gender

Gender	Complaint behavior				Total
	No action	Complain	Exit	Complain and exit	
Male	24	5	8	13	50
	60%	22.7%	61.5%	52%	50%
Female	16	17	5	12	50
	40%	77.3%	30.5%	48%	50%
Total	40	22	13	25	100
	100%	100%	100%	100%	100%

Pearson $\chi^2=8.878$, $df=3$, p -value=0.031, Cramer's $V=0.298$.

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