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PhD thesis summary:

External employer image of a bank and its impact on customer loyalty

The PhD thesis presents the theoretical and empirical approach to issues connected with the external employer image of a bank in the context of its customers' loyalty.

In the contemporary economic situation, companies are obliged to conduct a constant quest for the sources of their competitive advantage. Such an advantage not only guarantees that they will continue to function, but also contributes to the improvement of their market position. Out of a number of sources of competitive advantage, according to the Author of the thesis, the ability to attract and maintain loyal customers stands out. A considerable group of such customers not only proves a company's established market position but also contributes to a constant income of financial resources which in the turbulent market economy can ensure its relatively secure and stable functioning. A fact also worth noticing is that loyal customers can spread around positive opinions about the company and that they are less sensitive to actions undertaken by its competitors.

Loyalty is an ambiguous term and it should be looked into in relation to two perspectives which are mutually linked. The first perspective noticeable in the literature on the subject concerns loyalty examined in terms of customer behaviour. This type of loyalty, known as behavioural loyalty, is revealed through repeated purchase of particular goods or services.

Another way of defining loyalty occurs when it is perceived through attitudes adopted by customers towards a company (emotional loyalty). According to T. O. Jones and W. E. Sasser Jr., loyalty is a peculiar relation not only between a customer and products offered by a company but also between a customer and this company's employees.

The literature on the subject defines a corporate image generally as a way of perception, a picture or its depiction, which does not always correspond to the actual state, as it is created on the basis of a customer's individual experiences and/or it is a derivative of information about a company acquired from its environment. On the other hand, employer image is a particular kind of its overall image.

The Author, when deciding on the subject matter of the present thesis, paid special attention to the fact that a group of loyal customers of banks can considerably influence their market situation and the financial results obtained. The data placed in a report of customers' experiences of relations with banks in Poland, published by Deloitte, foresee a substantial increase in Poland in the use of and access to banking services by adults within the next 10 years. However, the same report indicates that a large number of bank customers express merely passive loyalty. Moreover, the tendency of Polish bank customers to change the supplier of financial services will become considerably more dynamic. Therefore, it is particularly essential to define factors determining the existence of loyal attitudes and behaviours of customers towards banks. The identification of these factors will make it possible to work out activities which would guarantee that banks do not only gain new customers but transform their present customers into their patrons and product advocates.

Taking into consideration the creation of customer loyalty towards a bank, its external employer image seems exceptionally essential. According to A.I. Baruk, a positive external employer image of a company can positively influence the general perception of the company as well as its products and other market activities offered. In the view of the Author of this dissertation it can therefore be assumed that the external employer image of a bank influences its customers' loyalty.

The main objective of this PhD thesis was to prove the main hypothesis that the external employer image of a bank influences its customers' loyalty.

Moreover, the Author attempted to realize the following specific objectives:

1. Cognitive objectives, which include the following:
   – defining the external employer image of a company as a sub-image of the overall company image,
   – defining loyalty towards a company and its offer, including emotional loyalty,
   – identifying the determinants of external employer image and analysing the process of its creation,
   – identifying the determinants of loyalty and analysing the process of its creation,
   – analysing the market of banking services and its specificity,
   – working out a conceptual model which reflects potential dependencies between the external employer image of a bank and the loyalty of its customers;

2. Empirical objectives, which include the following:

  – determining the ways of interpreting the terms 'employer image' and 'loyalty' by respondents,

  – identifying the determinants of the external employer image of a bank,

  – identifying the determinants of respondents' loyalty towards a bank,

  – arranging hierarchically the identified determinants of loyalty and defining the position of the external employer image of a bank among them,

  – verifying empirically the conceptual model and working out its final version,

  – indicating managerial implications and the directions of further studies.

In the process of realizing the objectives mentioned above, the following research hypotheses were verified:

  H_1: Positive external employer image of a bank beneficially influences the level of customer loyalty towards the bank,

  H_2: Negative external employer image of a bank does not influence the level of customer loyalty towards the bank,

  H_3: The level of customer loyalty towards a bank does not influence the external employer image of a bank.

In order to prepare the PhD thesis, the following research methods were applied: Cognitive-and-critical analysis of the literature on the subject, survey research, comparative analysis and statistical analysis.

The cognitive-and-critical analysis of the literature on the subject comprised secondary sources in Polish and English, both theoretical and empirical. It allowed an academic discussion concerning image management, loyalty creation, personal marketing and bank marketing.

The results of secondary sources analysis formed the basis for defining the current state of knowledge about the impact of the external employer image of a bank on the level of its customers' loyalty. They allowed the presentation of divergences and similarities appearing in the views of researchers in Poland and other countries on the subject matter. They also made it possible to determine the size of the knowledge gap concerning the dependencies between the categories mentioned above. Also, they formed the basis for working out a conceptual model of the impact of external employer image of a bank on customer loyalty. It was further verified during empirical research.

The primary empirical research was conducted by means of a questionnaire, i.e. a research tool elaborated by the Author of the study. It contained closed-ended and half-open ended questions, directed at adult customers of banks functioning in the Polish banking sector whose place of living was the Lublin, Mazovia and Łódź Regions. The research group was selected non-randomly. The sampling frame was data obtained from the Local Data Bank of the Central Statistical Office in Poland.

The empiric research proper was conducted simultaneously in all the three regions in spring 2015 among 1000 people. It had a direct form, which contributed to a high reliability of the results obtained and positively influenced the value of the rate of return of the research tools properly completed. In total, 919 completed questionnaires were obtained. The primary data gathered were afterwards submitted for comparative and statistical analyses.

The comparative analysis of the results obtained from the cognitive-and-critical analysis of secondary sources and the results of the primary research submitted for statistical analysis allowed a model of conceptual impact of external employer image of a bank on customer loyalty to be verified, and its final version to be worked out.

The following methods were applied in the statistical analysis of primary research results: factor analysis, correspondence analysis, hierarchical cluster analysis, two-step cluster analysis and chi-square test.

The PhD thesis consists of the introduction, three theoretical chapters, two empirical chapters and the ending.

The first chapter is the introduction to the subject matter of the image. It presents the essence and typology of images as well as the process of creating of image. Factors which potentially influence this process and its effects are analysed. Differences between the terms of company identity, image, personality and reputation are presented. Dependencies between these categories are discussed, and divergences in interpreting the relations between the reputation and image are presented. In the further part of chapter one, the issue of the image of a company as an employer is discussed, and special consideration is given to its specificity and the objectives of its creation. In the ending part of this chapter, the essence of personal marketing is presented as a way of creating of employer image.

Chapter two is devoted to banking. The specificity of services offered by banks and their scope are presented here. The significant role of the entire banking sector in the market economy is underlined. The Author discusses changes which are taking place in the Polish banking sector and attempts to point out future directions of its development. In the further part of chapter two, image-building activities undertaken by banks operating in Poland are

presented. The scope of applying the assumptions of personal marketing in banks as well as the effects obtained are put forward.

Chapter three presents the issue of customer loyalty and divergences in the ways of defining this term. Factors determining the appearance of loyal attitudes and behaviours are analysed. The course of the customer loyalty creation process is presented, and loyalty models appearing in Polish and English literature on the subject are discussed. The conclusion of chapter three and of the entire theoretical part of the dissertation is provided by a conceptual model of the impact of external employer image of a bank on customer loyalty, elaborated by the Author.

In chapter four, which is the first empirical chapter of the PhD thesis, research methods and tools used for gathering primary data and their statistical study are discussed. The representative research sample covered in the research proper is characterized taking into consideration particular characteristics of the respondents. Moreover, thanks to the two-step cluster analysis used, the specificity of customers of five banks most frequently chosen by the respondents is presented. This chapter defines the way in which the respondents interpret the terms 'external employer image of a bank' and 'personal marketing'. Thanks to factor analysis and cluster analysis, factors determining the image of a bank as an employer are identified and hierarchically arranged. Based on the same methods of statistical analysis, a set of features characterizing a good employer in the view of the respondents is identified. This chapter also attempts to identify and analyse the respondents' opinions about activities undertaken by banks in terms of creating of their external and internal employer image.

Chapter five is mostly devoted to issues connected with customer loyalty to a bank in the context of its external employer image. An analysis of attitudes and behaviours characterizing (in the respondents' view) loyal bank customers is provided. Thanks to factor analysis and cluster analysis, factors which influence the appearance of the respondents' loyal attitudes and behaviours towards banks are identified and structuralized. Moreover, by means of factor analysis and cluster analysis it was possible to identify and arrange factors which influence the respondents' decisions to use or resign from products offered by banks functioning in the Polish banking system. During these analyses, special attention was devoted to the external employer image of a bank. This allowed the Author to define the significance of this sub-image of a bank in taking purchase decisions concerning banking products. Moreover, thanks to correspondence analysis applied, it was possible to identify and analyse dependencies between the level of loyalty of respondents as bank customers and the way they perceive banks as employers. The results of the analyses made in both empirical

chapters formed the basis to develop a model presentation of customer loyalty towards a bank through building and maintaining its external image as an employer. The model in question is the outcome of a verification of the conceptual model developed on the basis of theoretical assumptions presented in the initial three chapters of this thesis.

The analysis conducted in the dissertation allowed the Author to formulate, among others, the following conclusions:

1. The results of the analysis conducted indicate that the greatest influence on creating a positive external employer image of a bank was provided by the patronage factor. It comprised elements connected with a bank's participation in competitions/rankings for the best employer and its support of activities undertaken by student organizations. It is worth noting that the factor analysis results partly coincided with the analysis of average marks and cluster analysis. The elements with the relatively highest average marks (organizing paid apprenticeship and traineeship programmes by banks) belonged to the second primary component identified in the factor analysis;

2. The factors which influenced to the greatest degree the creation of a positive external employer image of a bank were motivation and development. The factor analysis revealed that it comprised a bank's activities connected with a fair remuneration system, a clear and straight promotion path, guaranteed financial and non-financial motivation systems and opportunities for employees' professional development. It is worth noting that the elements which formed the first factor obtained in the factor analysis almost always coincided with the elements which obtained the highest average marks;

3. The research results also indicate that the principal determinant of customer loyalty toward a bank is the relation-and-image factor. The factor analysis results show that this factor embraces elements which refer to the external employer image of a bank, a bank's overall image and its image as an offeror as well as the relations between customers and a particular bank's employees. A factor connected with trust towards a bank and satisfaction in possessing its products was relatively less significant. The principal factors determining customer loyalty towards a bank revealed in the factor analysis did not include the element concerning the quality of bank products offered although it obtained one of the highest average marks. Moreover, the external image of a bank, which constituted the basic element creating the factor with the highest influence on customer loyalty, obtained relatively the lowest average mark. This proved the necessity for verifying the results of average marks analysis by means of more perfect methods, i.e. factor analysis and cluster analysis;

4. The factor analysis results concerning the elements which influence respondents to make a decision about using products offered by banks functioning on the Polish market (an indication of behavioural loyalty) show that such a decision is mostly affected by broadly understood security of cooperating with a bank. It especially concerns the beneficial financial state of a bank, promptness in implementing orders and a guarantee of a high level of protection of the deposited assets against cybercriminals. Making a decision about using products of a particular bank, the respondents paid relatively less attention to being acquainted with its employees. The factor analysis results also show that positive external employer image of a bank did not have a substantial impact on the respondents' purchase decisions concerning banking products. Therefore, if loyalty is interpreted as a set of customers' positive emotions (attitudes) and behaviours, hypothesis H_1, according to which positive external employer image of a bank positively influences customer loyalty level, can be regarded as false;

5. Resigning from banking products, the respondents pay the relatively greatest attention to elements connected with a bank's unfavourable financial state and lack of promptness in implementing orders. The main factors determining the decision to resign from banking products (identified both during the factor analysis and on the basis of average marks) did not include any element concerning a negative external employer image of a bank. It was confirmed by the cluster analysis. Therefore, it can be acknowledged that hypothesis H_2, according to which negative external employer image of a bank does not influence customer loyalty level, is true;

6. The correspondence analysis conducted revealed that there are statistical dependencies between the level of customer loyalty towards a bank and the way it is perceived as an employer. These dependencies appear both in the case of loyalty perceived through customer behaviour and customer attitudes towards a bank. Therefore, hypothesis H_3 can be acknowledged as false. It is worth highlighting that in the case of behavioural loyalty these dependencies were statistically significant when the respondents made a comparison between the external employer image of a 'their' bank and the external image of other banks. The fact that the external employer image of a bank does not influence customer loyalty means that it can be stated that the main hypothesis is not true. However, the results of the correspondence analysis conducted prove the existence of an opposite dependence, according to which customer loyalty level influences the external employer image of a bank.

The theoretical discussion presented in this dissertation and the result analysis of the primary research mean that it can be stated that the external employer image of a bank can have an influence on the creation of customer emotional loyalty towards the bank. Thus it can constitute an important source of competitive advantage for banks functioning in the Polish banking system.