A CROSS-NATIONAL ANALYSIS OF BANK SELECTION DECISION AND IMPLICATIONS FOR POSITIONING

By

Ehab M ABOU AISH, B.Com (Hon's), MA

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To My Country ... *Which gives me the chance to learn*

To My Mum and My Dad's Memory ... *Who raise me*

To AMIRA and The Kids ... *Who gave me the needed support and happiness to go on.*

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Abstract

This research attempts to increase the academic understanding as well as the managerial practices of the financial services marketing positioning in the cross-national field. In order to achieve this objective the research developed a conceptual framework of the small business' bank selection criteria and tested it on the small business banks' customers in two culturally different countries (Egypt and UK). This proposed framework was developed based on deduction, derived from the literature on positioning, branding and selection criteria, and induction, derived from two waves of exploratory pilot interviews in both countries.

The research is divided into three main parts. The first part introduces the literature review, where the issues of positioning, branding and bank selection criteria were emphasised, ending with developing the proposed framework for small business' bank selection criteria. The second part deals with the empirical study, where the research design was explained and justified, the research hypotheses were developed, a multi-face comparison between Egypt and the UK was presented, and finally the methodology adapted in this research was explained. This depends on the "mixed methods approach, dominant-less dominant design", i.e. depending on the qualitative methodology (in-depth interviews) in developing the "derived Etics view" as well as the research hypotheses, while the main part of the research is depending on quantitative methodology (sample survey based on structured questionnaire in both countries). The third part presents the data analysis in three chapters, while the first one deals with the descriptive and methodological issues, the second and third present the findings and the hypotheses testing results.

The main results of this research emphasis that the bank selection decision could be better understood by the suggested conceptual framework. There are a lot of interfaces between the segmentation, positioning, branding, service quality, interactions, pre- and post purchase criteria, and a lot of integrated work is needed in order to gain a competitive advantage. Finally in general similar marketing positioning strategies could be adopted in the two studied countries on the banks' small business customers, as similar clusters of small business customers were identified. The adopted positioning strategy needs some minor adaptations in each country in order to get the desired objectives and work more effectively.

Chapter One

Introduction

1.1 Introduction

This whole research could be summarised by the following statement, which presents one of the philosophical perspectives on research *"Research is a process of systematic (and not so systematic) inquiry that leads to knowledge stated in propositions, ... in social science research this inquiry involves an element of observation of, or interaction with, persons in order to offer empirical evidence for the research conclusion"* (Heron, 1981, P19).

The purpose of this introductory chapter is to present an overview of the research that is to be discussed over the next nine chapters. This overview starts by explaining the importance of the research from both an academic and a professional point of view and the contribution it makes for both groups. Then the research objectives are discussed and finally a brief presentation is made about the structure of this research.

1.2 The Importance of the Research

The role of marketing as an integrated management function (rather than just advertising and selling), in the financial services organisations has been very well documented in the literature since the 1980s (Hooley and Mann 1988; Ennew et al 1990; Ennew et al 1993; Devlin and Ennew 1997). A number of factors explain this importance of marketing including the increasingly competitive environment, the deregulation of the financial services industry and higher consumer expectations.

Financial services have certain distinctive features (Ennew and McKechnie, 1998) which create significant marketing challenges. Furthermore the marketing function is related to both sides of the balance sheet (i.e. both sides of the balance sheet hold services that need to be marketed). Consequently the marketing function is broader in the financial service organisations than in other sectors.

Research over the past two decades has emphasised increasing competitiveness in financial services markets (Meadows and Dibb 1998; Mols et al 1997; Devlin et al 1995). In fact Nellis et al (2000) explain that banks in general and European banks in

particular are facing increased competitive pressures, which should lead to fundamental changes in their structures and the way they are doing business. This increased competitive pressure could be attributed to three main reasons. The first one is the impact of the 1986 European Commission's programme aimed at producing a single market in financial services. The second reason is the greater integration and globalisation of financial markets. The third reason is the potential for further innovation in the delivery of financial products and services through information technology. Similarly Egypt, although the single European market does not directly affect it, has not escaped the impact of increasing competition in the financial service sector, as it signed the "GATT" agreement, a member of the "WTO", and has started to de-regulate its markets.

To operate effectively in an increasingly competitive environment requires that organisations have a clear idea of their competitive advantage. Competitive advantage as a major means of achieving the companies' objectives and overcoming different threats is very well recognised in the literature (Day and Wensley 1988; Bharadwaj et al 1993; Devlin 1996; Porter 1998; Hunt and Morgan 1995).

In order to overcome the threats facing financial service organisations a number of different financial, organisational and marketing strategies are suggested. At the core of marketing strategy is the decision regarding positioning, which is concerned with trying to differentiate the organisation and its offerings from those of competitors (the definition of positioning will be discussed in detail in Chapter Two). The chosen position should reflect the organisations competitive advantage, and the research on positioning relates to theoretical aspects (Porter 1998; Hunt and Morgan 1995; Day and Wensley 1988) as well as to practical aspects (Crawford 1985; Easingwood and Mahajan 1989; Devlin et al 1995).

The importance of "Positioning" is much greater in situations where there is an increasingly competitive arena (Shostack 1987), an over-promoted and over-advertised environment (Ries and Trout 1986), a market where there is little product differences (Mayers 1996), in the cases where more importance is attached to experience and credence attributes (Bharadwaj et al 1993), and where tangible evidence to evaluate quality is absent (Parasuraman et al 1985). These conditions are clearly in evidence for organisations competing in the financial services market, where the process of positioning is extremely important, bearing in mind that financial

services are of a continuously consumed nature. The issue then is not just about attracting the customers but about retaining them as well.

In addition Easingwood and Arnott (1991) found that bank managers considered the issues of positioning and branding as very important for marketing financial services and likely to have a major impact on the financial performance of their banks in the future. While positioning research has emphasised where the organisation was positioned (Easingwood and Mahajan 1989; Devlin et al 1995) there has been a dearth of academic literature concerning how organisations should be positioned, i.e. the customer perspective, since only a small number of research studies have considered and investigated the customers' perspectives. In particular there has been little research on corporate customers' perspectives in the banking sector, and researchers have argued that both concepts (positioning and branding) are under-developed in business markets (Mudambi et al 1997; Kalafatis 2000), which suggest that there is a strong case for investigating these issues in the business customer markets.

Studying positioning from the customers' perspective firstly means that the selection criteria should be identified. Although in a service context the selection of the service provider is no less important than assessing the quality level of the services that customers experience, the literature has predominantly investigated the concept of service quality resulting in many conceptual models to explain the criteria used in judging quality (Parasuraman et al 1985, 1988, 1991; Gronroos 1984, 1988; Lehtinen and Lehtinen 1991, 1996). As far as selection criteria are concerned the emphasis has however been on empirically defining these selection criteria without necessarily trying to develop an integrated framework for customers' choice. A notable exception is the work of Moller and Laaksonen (1984) as cited in Bradley (1995) which attempts to develop a framework for selection criteria.

The development of such a framework for selection criteria may be of particular significance in service industries for a number of reasons. Firstly, unlike goods markets, a lot of evidence suggests that the choice evaluation is more dominated by experience and credence qualities (Zeithaml, 1997), which might suggest that different selection criteria are used. Secondly, understanding selection criteria will help to offer a better understanding of positioning, including that changes occur in customers' perspectives over time, i.e. the pre-purchase and post-purchase criteria. Thirdly, it will form a basis for determining whether the differences between different studies in the area are due to procedures and criteria used in conducting these research or actual

differences, as different studies in the field sometimes suggest different and even contradicting results. Finally, it will offer a basis for comparing the constructs of selection criteria, satisfaction and quality to define their similarities and differences.

Studying selection criteria could be done for retail customers and all sizes of business customers. Freeman and Turner (1990) argue that small business customers do not fit well in either the consumer retail market or in the large business commercial market. Reviewing the literature on bank marketing to business customers will show that more research has been conducted on large corporations compared to small businesses (see section 4.3). This observation gives more importance to this study, as it investigates this under-investigated segment of the banking market.

Finally, as Ta and Har (2000, P170) note that "M*ost of the studies in bank selection decision have been conducted in the United States and in Europe*", Knight (1999) highlights the scarcity of studies in the banking and financial services industry at an international level. Furthermore Malhotra et al (1996), Green and White (1976) and Douglas et al (1994) point out the dearth of cross-cultural research studies in general and cross-cultural research investigating the consumption and purchasing patterns among customers in particular. This scarcity might be attributed to the difficulties surrounding the conduct of such research (this issue will be explained in detail in section 7.2). All these remarks add to the importance of this research as it investigates the small business customers' perspective in positioning from a cross-national perspective by comparing Egypt and UK.

1.3 The Objectives of the Research

This research aims to provide insights into the banks' positioning decision for their small business customers in the international marketplace. It has the following specific objectives:

1- To develop a conceptual framework for the bank selection decision for the small business customers, which links customers' choice to potential market position by synthesising the literature on positioning, branding and bank selection criteria.

2- To evaluate empirically the proposed framework for selection criteria in Egypt and UK to define similarities and differences between these culturally different countries.

3- To determine whether it is possible to adopt similar positioning strategies in these two culturally different countries.

4- To investigate the importance of the brand to small business customers in the banking industry.

5- To explore the implications for positioning associated with bank selection criteria in both countries

In conclusion, the importance of conducting this research can be further emphasised by highlighting the theoretical and empirical contributions this research makes.

1- Theoretical contribution

A- Developing a conceptual framework for small business bank selection criteria and testing it empirically, as a step in the direction of developing a framework for selection criteria in service industries in general and at the same time gaining more understanding of the differences and similarities between different constructs such as selection criteria, satisfaction and quality.

B- Providing insights that could improve the efficiency of positioning, by acknowledging both the pre- and post-purchase criteria rather than just the pre-purchase ones.

2- Empirical contribution

A- Defining similarities and differences in the bank selection criteria used by small businesses in two culturally different countries (Egypt and the UK), and evaluating the potential for a universal positioning strategy for small business customers.

B- Investigating the importance of branding bank services for small business customers as an issue, which raised a lot of debate and has not been properly investigated in the literature.

C- Investigating these issues in a cross-national way, by studying two culturally different countries (Egypt and UK) at the same time, as current research points to a scarcity of cross-national research in the field of marketing in general.

1.4 The Structure of the Research

This research consists of three main parts, and is divided into ten chapters. These three parts are the literature review, the methodology and finally the data analysis and results. Figure (1.2) present the structure of this research.

Chapter Two: aims to define and discuss positioning, positioning steps and positioning strategies, as well as examining the importance of positioning to financial services in particular and discussing branding issues. This chapter concluded that positioning is not an option, but it is a must in today's highly competitive markets and it is affected by the other two dimensions of the "STP" triangle strategy (Segmentation and Targeting). The traditional view of positioning based only on the pre-purchase attributes should be changed because successful and sustainable positioning strategy should accommodate both pre- and post-purchase attributes for customer attraction and customer retention. The chapter highlights the brand and branding issues because brands have an important role in delivering information to the customers about the experience qualities and credence qualities when choosing a bank. Branding also helps in building the bank's image and reputation, and relieving part of the risk associated with the bank selection decision. This chapter also tried to introduce another view on the relationship between positioning and branding, by arguing that branding has subsystems that should work together (for different products and services) and at the same time work within the whole positioning context. Finally the chapter discuss the role of the brand in order to understand its impact on the selection decision of financial services.

Chapter Three: which is the last chapter in the first part develops a framework for the small business' bank selection criteria. In order to develop this framework a number of issues are explained and presented. Firstly the different approaches in trying to define the business customers' needs from their banks are discussed and explained. Secondly the literature on the bank selection criteria for both business and personal customers is reviewed. Thirdly the results of the first wave of the exploratory pilot interview (giving the Egyptian view of bank selection criteria) was presented before incorporating the results in the proposed framework. Finally models measuring

service quality are reviewed along with Moller and Laaksonen's model of buying stages and selection criteria in industrial markets. The resulting framework divides small business bank selection criteria into two main dimensions, quality and interaction. These in turns are divided into five main sub-dimensions, two related to quality (qualities of the service itself and qualities of the service provider) and three related to interaction (relationship, recommendation and experience). Each of these sub-dimensions is represented by a number of items. The advantages of this framework are that it is service oriented, i.e. especially developed to consider the specific nature of services industries, and it suggests a distinction between the pre- and post-purchase criteria.

Chapter Four: discusses the ideal approach to conduct the planned research, highlights the difficulties associated with the ideal approach and ends with the proposed research design. After presenting the proposed research design, the second wave of exploratory pilot interviews is discussed and finally the research hypotheses are developed. These are divided into two main groups. The first group was concerned with the small business customers' behaviour in dealing with their banks in general, while the second group of hypotheses was mainly concerned with the similarities and differences between the two studied countries (Egypt and the UK).

Chapter Five: aims to present a profile of the two counties investigated in this research (Egypt and UK). This includes a cultural profile based on Hofstede's (1983) study comparing between fifty countries and three regions on four main cultural dimensions (power distance, uncertainty avoidance, individualism and masculinity). Secondly the economic profile of the two countries is presented, which highlights the differences between those two countries. Thirdly the banking market in both countries is profiled, and finally a profile of the small business customers in both countries is presented.

Chapter Six: discusses in detail the methodological aspects of this research. As this research is of a cross-national nature, this chapter begins by explaining cross-national research issues, because conducting cross-national research means that extra factors had to be taken into account in order to be able to claim that any identified differences or similarities are due to genuine differences and similarities and not because of inappropriate application of the cross-national research methodology. After defining these cross-national issues, the traditional issues related to the research methodology are presented but each issue was accompanied with a detailed explanation of the related cross-national issue. The first issue was the method of data collection, in which cross-national comparability as well as construct equivalence (functional, conceptual and categorical) were discussed. Then justifications were presented for using a questionnaire and the chapter continues with a discussion of the structure of the questionnaires, and their administration (mail in the UK and drop-off and pick up in Egypt). The second issue was the questionnaire design, in which the issue of instrument equivalence (item and translation) is presented first, followed by justifications for using fixed alternative questions, seven point Likert type scale, the necessity of each question in the questionnaire, the wording of each question, and finally the sequence as well as the physical format and layout of the questionnaire. The third issue is the sampling issue, in which the sampling equivalence issue is detailed (sampling unit and independence & representative). The choice of the research population, the sampling unit selection and the sample size is then explained. Finally in this chapter the issue of data collection and the two sub-issues related to contextual equivalence (experimenter-subject relationship and temporal) are detailed and explanation is offered for the data collection period.

Chapter Seven: starts with statistical evaluation of the measurement equivalence in this research. This measurement equivalence included calibration equivalence in addition to metric equivalence, which in turn is divided into scalar and response equivalence. An assurance of the measurement equivalence is a cornerstone in this research, as without such assurance the reliability of any findings could not be guaranteed. After ensuring measurement equivalence, this chapter continues with a discussion of response-rate and non-response bias. The evidences suggest that this

research is free from non-response bias. The remainder of the chapter contains a descriptive analysis of the data, which summarises the main characteristics of the participating firms. Finally the two important issues of validity and reliability are explained, including face, content, criterion and construct validity, as well as test-retest, equivalent forms and internal consistency reliability. The discussion of these two issues confirmed that the research instrument used in this research was a reliable and valid one.

Chapter Eight: presents the main findings of this research. Firstly it presents the determinant bank selection criteria in each country as well as their rank order and differences between Egypt and UK. Secondly the same approach is used to define the important bank selection criteria. Thirdly the cluster analysis technique is used in segmenting the banks' small business customers based on their selection criteria. Finally bank switching reasons, as a proxy for the minimum level of the post-purchase attributes are discussed, the similarities and difference between the two countries are presented as well as their rank order. Another form of segmentation for the small business market was proposed but this time the cluster solution was based on the switching reasons.

Chapter Nine: presents the hypotheses testing results of the two main groups. This chapter started by discussing the first group of hypotheses emphasising small business customers in general, followed by the second group of hypotheses, which emphasises the similarities and differences between the two studied countries in this research (Egypt and the UK). The second group of hypotheses were tested for the a possible impact of differences on the company- related and personal-related characteristics on the results and in general it could be concluded that such differences did not have a significant impact on this research results. Finally a discussion of the important findings was presented before moving to the last chapter.

Chapter Ten: offers a profile of the research as well as its theoretical conclusion and empirical implications. It suggests that in general similar positioning strategies could be adopted in both countries for small business customers, but of course with some minor modifications to reflect the differences between the two countries. Limitations of the research and the directions for further research in the field are discussed.

Figure (1.1) The Research Structure

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                        │   First Part    │
                        │ Literature Review│
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        ┌──────────────────┐         ┌──────────────────┐
        │   Chapter Two    │         │  Chapter Three   │
        │Positioning and   │         │ Selection criteria│
        │   Branding       │         │                  │
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  │  Framework   │     │ Egypt and UK │     │  Methodology │
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  │ Chapter Seven│     │ Chapter Eight│     │ Chapter Nine │
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Chapter Two
Conceptualising Positioning and Branding

2.1 Introduction

If it is believed that marketing has a very crucial role on the financial service organisations' performance, as has been pointed out in the introduction, one can argue that positioning lies at the heart of the marketing strategy. As Lovelock (1991) suggested that it plays a pivotal role in marketing strategy, since it links market analysis and competitive analysis to internal corporate analysis. Furthermore, as has been explained in chapter one, researchers argue that competitive advantage became a theory by itself, challenging the classical theory of perfect competition (Hunt and Morgan, 1995). Positioning helps different organisations to achieve a "competitive advantage", which could be defined as an above average performance in the long run (Porter, 1998). It should be noted that marketing is not the only way to achieve this objective, as Hooley et al (1998, P97) explained that *"Two apparently contradictory paradigms have come to dominate the strategic management literature over the last decade"* those are

- The resource based view of the firm (RBV), that seeks to explain sustainable competitive advantage through the rent earning capability of internal scarce resources, i.e. the use of the internal competencies (collective human assets and skills) and capabilities (different resources) to build and reconfigure the rapidly changing environments (see for example: Barney 1991; Grant 1991: Mahoney and Pandian 1992).

- The marketing paradigm, which stresses the need for external market orientation (the use of the marketing mix) to achieve the desired competitive advantage (see for example: Kalafatis et al 2000; Jobber 1998; Porter 1998; Brooksbank 1994).

It should be noted that although these two approaches might appear to be contradicting, they are not dramatically different, as the RBV focuses on the internal view, while the marketing paradigm focuses one the external view. Both of them are concerned with the same process but from different perspectives and a number of research argue combining both approaches (Day and Wensley 1988; Juga 1999; Hooley et al 1998).

The role of marketing is obviously related to the second approach and it is mainly based on the Segmentation, Targeting and Positioning (STP) strategy, which represents the key elements of the strategic marketing planning process (Myers, 1996). So positioning as the final step of the STP strategy is trying to achieve the competitive advantage by manipulating the elements of the marketing mix, which are considered determinant from the customers' point of view. Hence understanding the customers' choice represents a cornerstone in conducting a positioning strategy, which could be seen as the starting point to perform all other marketing activities, and hence as a main source of profits and growth (Anonymous, 1995). The underlying objective of this research is to explore the implications for positioning associated with the customers' selection criteria as a means to achieve the desired competitive advantage for financial service organisations.

The importance of the positioning strategy based on the marketing paradigm and its possible effect on the company performance is very well presented in the literature (Kalafatis et al 2000; Hooley et al 1998b; Porter 1996). Furthermore Ursacki and Vertinsky (1991) argue that positioning is a must for banks. Add to this that the importance of the marketing as a source of competitive advantage made Bigne et al (2000) argue that marketing orientation could be considered as one of the real capabilities of the firm. Hence it could be used as a source for competitive advantage.

Furthermore a lot of researchers are arguing for the greater role of brands in services marketing in general and in financial services marketing in particular (Rooney 1995; Turley and Moore 1995; De Chernatony and Dall'Olmo Riley 1999), hence it is logical to depend on the brand in service positioning. For example Keller (1998, P14) stated that *"Branding can be particularly important to service firms to address potential intangibility and variability problems"* In financial services, this issue is gaining more attention, as it is one of the proposed solutions to face the increased competitiveness in the marketplace (Saunders and Watters 1993; Easingwood and Mahajan 1989).

The problem is that service branding in general, and to business customers in particular, had gained relatively little attention compared to the goods markets (Mudambi 1997; Keller 1998; De Chernatony and Dall'Olmo Rily 1998). Furthermore in service industries a higher level of importance is attached to the experience qualities (attributes which can only be discerned after purchase or during consumption) and credence qualities (attributes which the consumer may find impossible to evaluate

even after purchase and consumption) (Zeithaml, 1997) and it is very well documented that the brand image is one of the two best risk relievers, as the decision of bank selection is a risky decision (Roselius 1971; Ennew and Mckechnie 1998). Bharadwaj et al (1993, P90) supported this argument by emphasising that *"The greater the intangibility of a service, the greater the importance of brand equity as a source of competitive differentiation advantage... the greater the experience and credence attributes of a service, the greater the importance of brand equity as a source of competitive cost and differentiation advantage"*. Gabbott and Hogg (1997) explained that the only sources of experiential information are a pre-purchase trial, observation or reliance upon the experience of others. Image and reputation could be added to these three sources, with the major source of this image and reputation being the brand. This what made it necessary for the researcher to discuss the branding issue within the context of positioning, as it forms a core building block both in supporting the positioning decision and in developing a framework to understand the bank selection criteria for the small business customers (as will be explained in the next chapter).

Thus the literature review begins with reviewing positioning literature. This chapter also considers issues relating to brands and branding as it is the brand, which has to be positioned. Following this literature review the next chapter reviews the small business customers' bank selection criteria (the determinant attributes in purchasing decisions) that are the basis of which a positioning strategy ideally be developed.

In order to get more insights into the positioning strategy and the branding issues the first part of this chapter, after the introduction, will go through the different definitions of the positioning strategy and its role and relationship with the segmentation and targeting strategies to form the integrated STP strategy. A discussion will then be presented about the importance of the positioning strategy in the marketing process. The third part will deal with the approaches used to study positioning. The literature on the steps of the positioning process will then be discussed in detail, as well as the proposed approach to practice positioning. The alternative positioning strategies will be explained in the next section. Then the branding issues will be discussed by explaining the definition of the brand, the brand-branding relationship, defining the branding process and its relation with the positioning process, and finally the roles and levels of the brand followed by the conclusion.

2.2 Defining The Positioning Construct

It is widely recognised that few if any organisations can be everything to everyone. Financial service organisations are probably no exception (Ursacki and Vertinsky, 1991) and like other organisations will have to address issues of segmenting the market into homogeneous groups of customers, targeting the market(s) that is going to be served, and the way the organisation is going to present itself to the customers in the selected market(s).

This means that the organisation has to:

a- Understand how the market is segmented, i.e. how the heterogeneous market is divided into homogeneous groups of customers according to specific criteria (see for example: File and Prince 1991; Cheron 1989; Piercy 1991).

b- Target a segment (segments) of this market, which the organisation is going to serve bearing in mind that this will automatically result in selecting the competitors whom the company is going to compete against in that market (see for example: Myers 1996; Browen 1998; Martin 1986)

c- Position itself to the chosen target market based on their choice criteria and send a message to the target market showing that it is here and it is trying to serve them in a differentiated way compared to the other offers in this particular market.

Before trying to define the construct positioning, some definitions of other constructs should be reviewed.

It should be clear that in order to survive and grow the organisation should have a competitive advantage (above average performance) in the market against competitors. There are two views in achieving the competitive advantage, resource based view of the firm [the use of company resources (production process inputs) and capabilities (the capacity for a team of resources to perform some tasks or activities) to achieve this advantage] (Grant, 1991), and differentiation, the use of the marketing elements to create something special for the customers (achieve the advantage) (Jobber, 1998). Although a number of researchers argue that both the two views should be combined into one integrated framework (Day and Wensley 1988; Hooley et al 1998; Juga 1999), and with recognise the importance of the internal side (RBV) the focus of attention in this research is the external side, (marketing paradigm).

In order to differentiate its offer an organisation must select attributes[*] that have two characteristics, those are:

- Importance, i.e. the chosen attribute(s) should be considered to be an important attribute from the customer's point of view when selecting the product (service/ organisation). For example the organisation should not base its differentiation on price if it had demonstrated that price is not a valuable factor in the purchasing decision for a specific product (Porter, 1998).

- Determinant i.e. the chosen attribute(s) are considered unequal, from the customer's point of view, in all competing offers. For example the safety criteria in choosing an airline company may be considered as the most important criteria but it may not be a determinant criteria if the customers considered all airline companies were equal on this criteria, hence the airline company should not use it as a base for differentiation (Jobber, 1998). The idea of importance and dissimilarity "dual question" is not a new one but it could be traced back to Myers and Alpert (1968) as it is argued that it better represents the customers' preferences and their actual purchase decision.

So basically positioning deals with defining the attributes that will form the basis of the competitive advantage and communicating superior performance on these criteria into the minds of the target market. It should be clear that segmentation, targeting and positioning are not goals by themselves but they are means to achieve the organisation's objectives[†].

Now a discussion of the meaning of the construct positioning should be started, as Aaker (1982) indicated that marketing managers have a different understanding and views about positioning since, to some of them it means the segmentation decision, to others it is an image question, while to still others it means selecting which product feature to emphasise, and few managers consider all these alternatives.

Regardless of this confusion of the definition from the marketers' perspective, reviewing the academic literature results in discovering that academics did not have as much disagreement as marketers had about the meaning of positioning, since it

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[*] It should be noted that there are differences between characteristics and attributes, as the former are the various features that define the product, while the latter are the dimensions reflecting the consumer perception and they tend to be fewer in number (Kaul and Rao, 1995)

[†] Most of the researchers in the marketing field used to use the construct "Product Positioning" when they discuss this subject, but it should be kept in mind that positioning process may apply to goods/ services/ ideas/ organisations or even persons (Cravens, 1997).

could be inferred from reviewing the literature that there are two main approaches for defining the construct positioning.

In the first approach the researchers choose to adopt the "image" or the "picture in the customers minds" approach, i.e. positioning is an act which should have a certain effect on the customers minds (Dibb at al 1997; Ries and Trout 1986; Ennew 1993; Ansari et al 1994; Easingwood and Mahajan 1989). Those researchers who adopted this approach did not offer a clarification to the actual meaning of the construct and what constitutes it, since they only emphasise the objective of the positioning "the place in the customers minds".

For example Easingwood and Mahajan (1989, P207) define positioning as *"Positioning refers to the place a product or service occupies in a given market. In particular it describes the position or image of the firm's product in the consumer's mind"*. Here one can see that the definition is emphasising the objective of the process, which is a place in the customers' mind, but the definition used the terms "Positioning" and "Image" interchangeably when it refers to both of them as having the same meaning. Aaker and Shansby (1982, PP56) argue that the two terms are different, explaining that *"The term Position is differs from the older term Image in that it implies a frame of reference, the reference point usually being the competition"*. Dibb et al (1997, P227) in another example defined positioning as *"The process of creating an image for a product in the minds of target customers"*. Here although they point to the target customers' issue, the interchangeable usage of image and positioning still exists. A third example of this trend in defining the construct positioning could be seen in Ries and Trout's (1986, P2) work, which is based on their work and consultation experience on the issue. When they refer to positioning as what your organisation does to the customer's mind, *"Positioning is not what you do to a product positioning is what you do to the mind of the prospect"*. In their opinion the process of positioning is just about communication, as they stated in their work (P5) that *"The basic approach of positioning is not to create something new and different, but to manipulate what's already up there in the mind, to retie the connection that already exist"*. This view of the positioning process is oversimplified since, as will come later in this chapter, the positioning process has many steps and important interrelations with segmentation and targeting processes, so it is not just about communication and manipulation in the market but it goes far behind this point.

In the second approach the researchers preferred to adopt the process approach of the positioning, i.e. the definitions in this category emphasise the processes content that should be performed in order to conduct positioning, and the following two literature streams could be distinguished under this approach:

1- The first one adopted the "whole" approach when it grouped under positioning one or more of other process's steps, i.e. interchangeably using the terms of positioning, targeting and segmentation and/or positioning and other analysis needed to perform targeting and segmentation. Take as a first example the definition of Hooley and Saunders (1993) when they stated that positioning is *"The identification of target market or markets- the customers that the organisation will seek to serve. The creation of differential advantage, or competitive edge that will enable the organisation to serve that market more effectively than the competitors. Taken together decision on these two issues create the competitive position of the organisation"*. This definition points to positioning as "STP" strategy, when it stated that positioning is about the choice of target market and differential advantage. Aaker and Shansby (1982) in another example presents the process of developing a positioning strategy as including the process of competitors analysis and the process of customer's analysis as well. When they stated that (P58) *"The process of developing a positioning strategy involves six steps"* among these steps was identifying the competitors, determining how competitors are perceived and analysing the customers. This view included steps of other processes into the positioning process, as it included two steps related to the process of competitors' analysis that are to identify the competitors and to determine how the customers perceive them, and another step of segmentation, which is customer analysis.

2- The second stream adopted a conservative view, whereby positioning is only defined in relation to its process, i.e. this trend of definitions emphasise the process required to accomplish positioning. For example Myers (1996, P168) defined positioning as *"Differentiating one's own product/services from other competing entries in the marketplace"*. Although this definition made a clear representation of the positioning, it did not link it to the other two main related processes, segmentation and targeting, which constitute together, the three of them, one complete unit, as "STP". Another problem of this

definition is that it did not present the objective behind the process, which is gaining a competitive advantage. Palmer (1998) presented a definition that overcame the second problem of the previous definition, which is the objective behind this process, but suffering from the first problem, which is the link with segmentation and targeting. He stated that (P41) *"Positioning strategy is an attempt to distinguish the organisation and its product offers from those of its competitors in order to give it a competitive advantage within a market"*. Just as the previous definition, Kotler (1997, P295) defined positioning as *"The act of designing the company's offer and image so that it occupies a distinct and valued place in the target customers' minds"*.

After reviewing the above approaches in defining positioning, the appropriate definition, from the researcher's point of view, should have three main themes:

1- The objective of the positioning process is to achieve competitive advantage within a target market.

2- The positioning process is about investigating and deciding the determinant attributes, which will form the source of the competitive advantage, and the way to communicate it to the target market.

3- The positioning process is the last part of one interrelated strategy, which is (STP) segmentation, targeting and positioning.

So the positioning definition, regardless whether it is a brand positioning (all levels of a brand), idea or even a person, could be seen as follows: *"Positioning is a process which constitutes the third and last stage of the segmentation, targeting and positioning strategy (STP), and it is about deciding which attribute(s) should be emphasised and how it should be communicated to the target market, in order to achieve the desired competitive advantage in that market"*.

It should be noted that the definition of positioning does not differ between goods and services, since the three main themes are the same regardless of whether the discussion is about goods or services, i.e. the relation to the other two stages of the STP strategy (segmentation and targeting), the deciding process, and the objective are the same, but it should be noticed that there is a minor difference regarding the range of attributes available for selection as well as the difficulty and importance of the process, as will be discussed later in this chapter.

2.3   The Importance of Positioning

Positioning is not an objective by itself, but it plays a significant role, with segmentation and targeting, in achieving a competitive advantage, since segmentation and targeting are going to be useless unless an efficient and effective positioning follows them. On the other hand applying the most sophisticated positioning techniques but on misleading segmentation and/or wrong targeting is going to be a waste of resources and may have a negative impact on the company's performance. It is also very important to emphasise that positioning should be conducted in the right way since it is not impossible to make positioning mistakes but the costs will be too high. Binks et al (1989) suggested two problems regarding practice positioning, which are waste of resources due to emphasising features regarded unimportant by the target consumers, and loss of customers due to ignoring features regarded as important by the target consumers.

Based on the previous discussion, it could be argued that having in mind two dimensions, which are the determinacy level of the attributes (i.e. whether the attribute is considered determinant or indeterminate from the target customers point of view), and the managerial decision (i.e. whether the management decided to use these attribute as a basis for positioning or not), the following grid (Figure 2.1) could be formed, which has four quadrants (based on Martilla and James, 1977). The fist quadrant describes a right decision since the attribute is determinant and the management decided to use it in positioning. The second quadrant presents a wrong decision, in which the management did not use a determinant attribute in positioning, so it is subjected to losing part of its target market. The third quadrant also represents a wrong decision in which the management used an indeterminate attribute in positioning. Here the management is wasting part of its resource. The last quadrant describes another right decision because the management did not use indeterminate attributes in positioning.

Figure (2.1) Positioning Decision Grid

	Used in positioning	**Not used in positioning**
Determinant attributes	Right decision	*Loss of customers*
Indeterminant attributes	*Waste of resource*	Right decision

Source: Compiled by the researcher

But positioning should not be considered as a panacea or the sole answer to all the organisational problems, according to Ries and Trout (1986, P14) who try to position it in this way *"The only answer to the problems of an over-communicated society is the Positioning answer"*. Positioning should be conducted having in mind that it should be based on real attributes in the positioning unit. Otherwise it is going to have a negative impact on the organisation's performance on the long run, as consumers will increase their expectations, then do not find what they had been promised, which will result in increasing the quality gap (Ennew et al 1993).

A lot of researchers had argued the importance of positioning as playing a pivotal role in the marketing strategy since it links marketing analysis and competitive analysis to internal corporate analysis (Lovelock 1991), and acts as a mirror that should reflect everything the organisation does that affects the customers' perception (Easingwood and Mahajan 1989). Also it is a foundation for all marketing programs since all marketing analysis is affected by it, so it is important to ensure that all the elements of the marketing program are consistent and supportive (Aaker and Shansby 1982).

The failure of many positioning strategies had made Datta (1996) suggests a new approach "The product characteristics approach", which he saw as a solution for the problem. This approach is based on reversing the normal sequence of market segmentation analysis, focusing on customers and their needs. Instead the organisation should start with its given resources and then figure out the customer needs it could satisfy with those resources on a competitive basis. However he tried to justify his

proposed approach, a strong argument could be made against it. Firstly the failure of the application does not necessarily means that something is wrong with the supporting theory, on the contrary one should search for the reasons of the failure: maybe something went wrong with the application. Secondly the proposed new approach could be seen as an invitation for returning to the "selling orientation" in which the organisation would try to sell what it got. In other words the new approach could not be seen as offering something new since in the targeting stage the organisation should select the target market depending on an internal analysis of the organisation resources and capabilities and a study of the competitors as well.

Before presenting the situations, in which, positioning is more crucial, it should be mentioned that Kotler (1997) argues that positioning is worth establishing to the extent that it satisfies some criteria, Important, Distinctive, Superior, Communicable, Pre-emptive, Affordable, and Profitable. Unless these criteria exist, the organisations should not try to position itself as it would be worthless. This argument could not be agreed with because the question is not to position or not. The question is are the organisations going to be pro-active and benefiting from its position by managing it, or it will stand watching other organisations positioning themselves and getting the benefits? For any organisation whether it accepts or refuses, acts or not, it will have its position in the target customers' mind. So as long as it continues working in the market it should practice positioning, since re-positioning is always more difficult than managing and keeping a position, or even creating a new position (Jobber, 1998). Passemared and Kleiner (2000) supported this argument when they explain that the worst strategy for the firm is not to choose a particular strategy: this will drive the company to a bad strategy position that will bring low profitability.

Researchers argue that positioning is particularly important in the following cases:

1- In the absence of tangible evidence on which to evaluate quality, especially in services where fewer tangible cues exist and in most cases tangible evidence is limited to the service provider's physical facilities, equipment and personal. So consumers must depend on other cues to evaluate the quality (Parasuraman et al 1985) and in case of greater importance attached to the experience and credence attributes of a service (Bharadwaj et al, 1993)

2- In the increasingly competitive arena (Shostack, 1987), and in the over-promoted and over-advertised environments (Ries and Trout, 1986).

3- In the "Product Parity" markets, i.e. markets that compete in products with no essential differences from one to another. Myers (1996) distinguished between three levels of product or service competitiveness: "Product Parity", "Product Differentiation" where products have one or more specific feature that are superior to the competition in products that are otherwise very similar, and "Product Superiority" where products are clearly superior to those of the competition in many important ways, and he further explained that positioning is especially important as well as difficult in "Parity Markets" in which competing brands are much more similar than they are different.

Although it could be argued that the second and the third situations are related to both goods and services, the first situation is still exclusive only to services, which might make anyone argue that positioning is more important in services than in goods, assuming that the other two situations are the same in both goods and services markets.

If one looks carefully to these three situations, where the positioning process became extremely crucial, he/she could conclude easily that these are the situations now dominating the financial service market, as mentioned by the researchers who discussed the current competitiveness in the financial service markets, and it could be argued that the case of financial organisation is more difficult as there is no patent or copyright protection of innovations in financial services (Ursacki and Vertinsky, 1991)

2.4 The Way to Study Positioning

Positioning could be seen as a two sides of a coin, one from the organisation's point of view (Producer/Provider), which could be called positioning identity, i.e. what the organisations try to put in the customers' mind; and the other side is from the customers' point of view which could be called positioning image, i.e. what the customers actually have in mind about the organisation.

Of course the main objective is to get the positioning image the same as the planned positioning identity, but which one of them is more important than the other? The answer is neither, as no one can tell for sure. Although positioning is partially about delivering a message to the customer's mind (image) (Dev et al, 1995), on the other hand this should not stop anyone from studying the organisations that succeeded in

position themselves, as this should offer insights into the process and its steps (identity).

So it could be argued that there are two main interrelated approaches to study Positioning:

1- The first one (identifying attributes) depends on answering the question of how could the organisation position itself, i.e. studying the customers' perspectives to propose the attributes that should be used in positioning, and how could the organisation communicate about it. A number of researchers have discussed the characteristics that should be possessed by the attributes if they are to be used in positioning. Porter (1998) emphasises that the attributes should have a high value to the customer. Jobber (1998) emphasises that the attributes should be determinant, i.e. should be considered different between offers from all competing organisations. Ennew (1993) emphasises the uniqueness; importance; and sustainability of the attributes. Based on the previous discussion it could be argued that the attributes, which are going to be used as a basis for competitive advantage, should have three criteria those are: important to the target customers in the purchase decision; unique to the organisation from the target customers' point of view; and sustainable to the organisation on the long run. Although Carpenter et al (1994) argued that some brands could be successfully differentiated on an attribute that is irrelevant to creating the implied benefit, they added that adding irrelevant attributes to a brand might have an effect especially if the differentiating attributes are difficult to evaluate. But one should notice that it does not matter if the chosen attribute is relevant or irrelevant to the implied benefit of the product/service, because this is the organisation's point of view. What does matter is for the chosen attribute is to be important and unique from the customers' point of view.

2- The second approach (identifying positions) depends on answering the question of how could other organisations succeed in their effort of positioning? In other words studying the organisations that had already succeeded in positioning themselves, to determine the activities and tasks which might lead to that success, in order to take them as guidelines for other organisations to succeed in positioning themselves in the future, or studying successful brands, which succeeded in position themselves, and try to discover, from the customer's point of view, what makes them succeed?

Under the first approach one can find work of Shostack (1987), in which she tries to suggest a way to position the service organisations, depending on re-engineering the processes needed to deliver the services to the customer arguing that, with no doubt, this will have an effect on positioning since, according to her argument, process for a service is the product. But the problem is that one can not base his positioning strategy before discovering first if the chosen attributes for this strategy have the three previous criteria. On the same path one can classify the work of Farrance's (1993), in which he argues that differentiation through the traditional marketing mix is no more realisable, so the service quality had become a key attribute. Another example could be found in Jaffe's (1990) work, when she conducted an experimental design research to find out the effect of the type of advertisement on purchase probability of financial services among women, arguing that the advertisement that reflect a modern image of females should lead to higher purchase probability. The problem with this research is that it investigated the effect of a certain criteria (advertisement) and concluded that the modern shape of it that reflects the modern roles of women is better than the classical shape in building the bank's position. But it is not demonstrated in the first place that the advertisement is among the determinate attributes to that segment of the market.

Under the second approach the works of both Easingwood and Mahajan (1989) and Crawford (1985) could be classified, where both of them try to present that the positioning strategies used by a number of organisations in some markets based on their printed advertisements. The problem with these studies is, although they present the available positioning strategies used by these organisations within a market, they did not inform the reader whether these strategies were successful in their job and how this success was measured, because the application of a positioning strategy by an organisation is one thing but whether this strategy succeeded or not is a completely different thing. Another example adopting the same approach is the work of Carpenter et al (1994) when they studied different Brands (as previously discussed). The work of Devlin et al (1995) could be classified under this approach as it tried to examine the current positions of financial institutions in the UK market.

It should be noticed that there are no differences between goods and services regarding the studying of positioning, since both of the two approaches might be used in studying positioning whether the research was on goods or services.

2.5 The Positioning Process

Having defined positioning, explained its importance and examined different perspectives on positioning research, this review proceeds by examining the positioning process. The literature on these steps will be reviewed first, then followed by the new suggested way to practise positioning, which argues that positioning should be based not only on pre-purchase attributes (selection criteria) but on post-purchase attributes (satisfaction) as well, due to the differences between pre- and post-purchase attributes.

2.5.1 The literature on Positioning process[*]

As mentioned earlier in section (2.2) those who adopt the process approach in defining positioning have taken one of two ways, either by adopting the "whole" approach, i.e. grouping under positioning one or more of the other process's steps, or by adopting the "conservative" approach, i.e. trying to define positioning only in relation to its process. If this view is expanded by adding the title under which the steps of the process were reviewed, one will come up with figure (2.2) which summaries the main approaches in the discussion of the positioning process in the literature. The differences on titles reflect differences in presentation and naming rather than differences in the substance of the positioning process.

Figure (2.2) Approaches in defining the positioning process
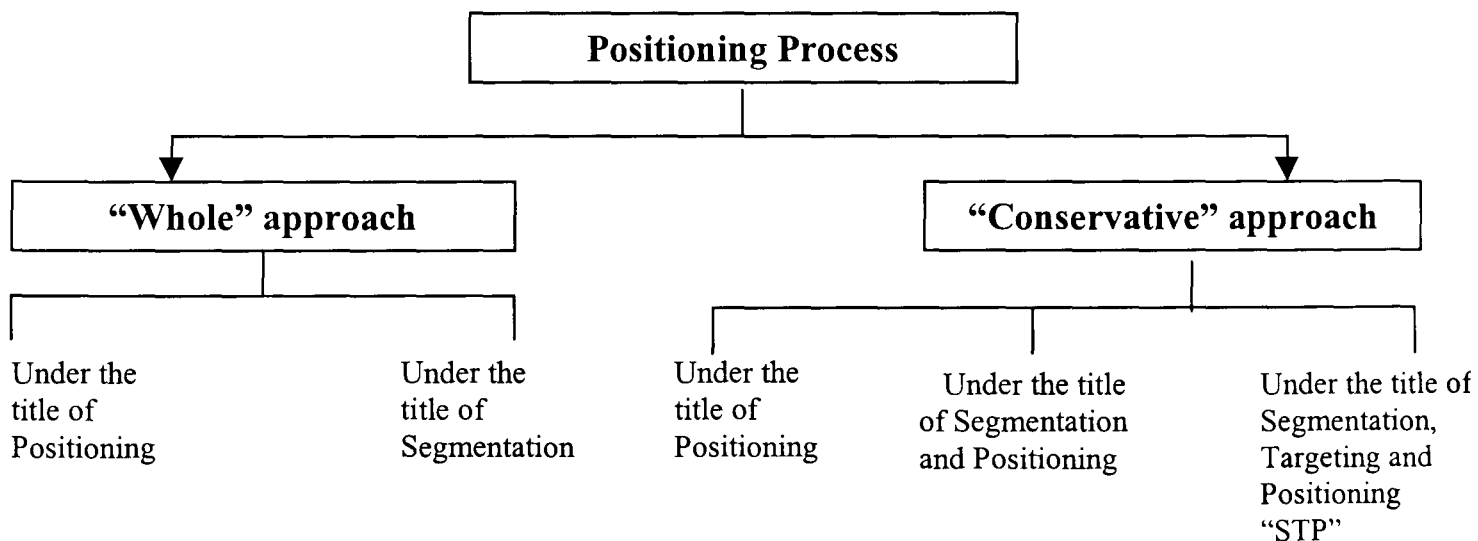
Source: Compiled by the researcher

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[*] It should be noted that the literature on positioning process is mainly based on marketing texts, which reflect the scarcity of research studies in the area.

Some examples under each category could be reviewed. Starting with the "whole" approach under the title of positioning one can find Dibb et al (1997), who stated that there are seven steps in determining a positioning plan: define the segments of the market, decide which segment(s) to target, understand the consumer, develop products that satisfy the needs of the targeted customers, evaluate the positions of competitors, select the basis of your position and inform the target market. Here one can notice that they used the constructs positioning and "STP" interchangeably since, the first step is segmentation (define the segments), while the second and the fifth steps could be grouped under targeting (decide which segments to target and evaluate the positions of competitors). The third, sixth and seventh steps could be grouped under positioning (understand the customer, select the basis of positioning and inform target customers), while the fourth step (develop products that satisfy the needs of the target market) has no classification, because the organisation either tries to position a product which they already know that the customer needs, according to other marketing studies, or they try to find an opportunity (a gap) in a target market at the same time that they are trying to know how they could position it. In the first cases one cannot consider developing products that satisfy the needs of the target market as an output of positioning process, but under the second case one might consider it as an output of the process. One can classify the works of Bradley (1995) Aaker and Shansby (1982) and also Jobber (1998) under the same category.

With the whole approach under the title of segmentation, one can find that Myers (1996) Bowen (1998) and also Meadows and Dibb (1998) had adopted the whole approach just like Dibb et al (1997), when they present the whole process of "STP" but under the title of segmentation.

The second approach "conservative" has got three categories. In the first one, under the title of positioning, one can find the works of a lot of researchers (Walker et al 1996; Brassington and Pettitt 1997; Dev et al 1995; Cravens 1997; Palmer 1998), which include one or more of the following steps: determining the relevant attributes, analysing the product current position and developing a positioning strategy which will include the factors that should be emphasised when communicating the position to the target market. Actually this category, plus the category under the title of "STP", are the most appropriate categories for determining the steps of positioning process since they present the core of positioning. With the same view one can find the work of Zeithaml et al (1992) in which they tried to suggest positioning alternatives for

service organisations based on the dimensions of their service quality model (as will be presented in detail in chapter three). They argue that the steps in service positioning might be represented by the following figure (2.3).

Although the suggested approach by Zeithaml et al (1992) are the most comprehensive and clear about these steps so far, this model had missed a step, which is the translation of the selected position into specific attributes, since each position (reliability, responsiveness, …etc.) might have different attributes. So there should be another step between the third and the fourth step regarding the selection of the attributes that are going to be emphasised. Also the model did not emphasise the relationship between segmentation and targeting on the one hand and positioning in the other hand.

The second category, under the title of segmentation and positioning, one can classify the work of Doyle and Saunders (1985). When they present a seven-step model for segmentation and positioning, like Dibb et al (1997), although they did not present sufficient details about the positioning process, it is clear that they had in mind that there is a strong interrelationship between segmentation, targeting and positioning. In spite of they did not directly mention targeting on the title although they included in the model as a step.

The last category, under the "conservative" approach, falls under the title of segmentation, targeting and positioning "STP", in which one can find the work of Kotler (1997) and Dibb (1998). Both of the researchers present specific steps related to positioning but not on its own, as it was a part of a larger presentation related to the "STP" process. For example Kotler (1997) presents the following figure (2.4) as a representation of the steps in market segmentation, targeting, and positioning.

Figure (2.3) The Steps of Service Positioning

```
┌─────────────────────────────────────────┐
│ Step 1:                                  │
│ Analyse consumer expectations and        │
│ perceptions                              │
└─────────────────────────────────────────┘
                    │
                    ▼
┌─────────────────────────────────────────┐
│ Step 2:                                  │
│ Measure performance against competitions │
└─────────────────────────────────────────┘
                    │
                    ▼
┌─────────────────────────────────────────┐
│ Step 3:                                  │
│ Select the position                      │
│   -   Reliability                        │
│   -   Responsiveness                     │
│   -   Assurance                          │
│   -   Empathy                            │
│   -   Tangibles                          │
│   -   Combination of dimensions          │
└─────────────────────────────────────────┘
                    │
                    ▼
┌─────────────────────────────────────────┐
│ Step 4:                                  │
│ Communicate the position                 │
└─────────────────────────────────────────┘
                    │
                    ▼
┌─────────────────────────────────────────┐
│ Step 5:                                  │
│ Monitor the position                     │
└─────────────────────────────────────────┘
```
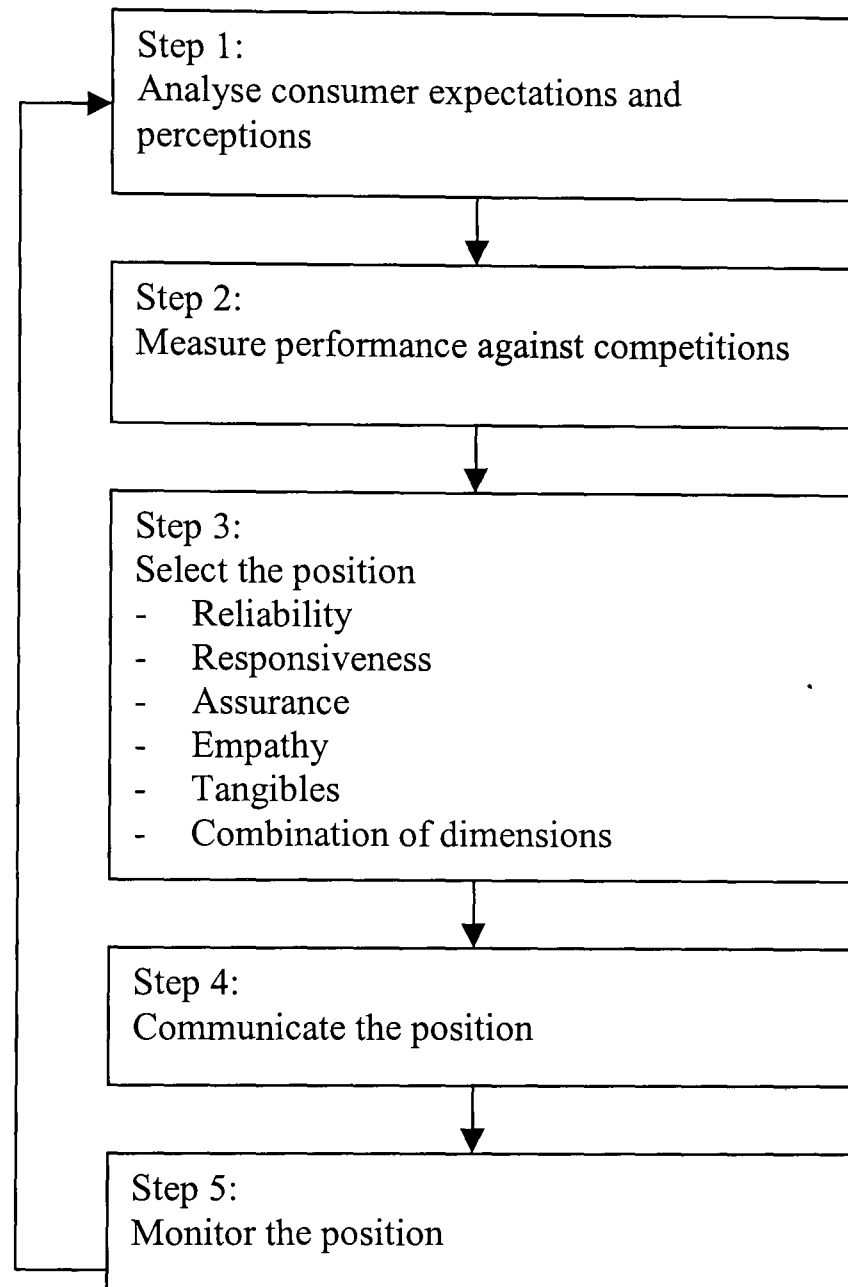
Source: Zeithaml et al (1992), P221

Figure (2.4) Kotler's Steps in STP Strategy

Market Segmentation	Market Targeting	Market Positioning
1- Identify segmentation variables and segment the market 2- Develop Profiles of resulting segments	3- Evaluate the attractiveness of each segment 4- Select the target segment(s)	5- Identify possible Positioning concepts for each target segment 6- Select, develops, and communicates the chosen positioning concept.

Source: Kotler (1997), P 249

Although Kotler (1997) did not discuss in details the steps of the positioning process, at least he had a clear idea of the contents of each process of the "STP" process, and he also had a view that there are three main categories of steps that should be performed in order to achieve the desired competitive advantage (segmentation, targeting, and positioning).

Before presenting the steps that should be included in the positioning process a discussion for the best way to practise positioning should be presented, which of course has an effect on the steps of the positioning process.

2.5.2 The Best Approach to Practise Positioning

First of all, before discussing the best approach to practice positioning, an important counter-argument about the benefits of practising positioning in general should be highlighted. A number of researchers in the marketing area still suggest that there is no strong evidence about the possible effect of descriptive attributes on the usage behaviour, i.e. there is a weak relation between the descriptive attributes that could be predicted and the usage behaviour, in other words there is no need to study the customers' choice as it will not lead to understand how it will behave (Hoek et al 2000; Dall'Olmo Riley et al 1997). Hoek et al (2000) further explained that the customers' beliefs about a brand are generally developed as a result of usage experience (evaluative attributes), so it is better to discover what consumers actually do in specific buying situations and analyse it rather than wasting efforts in measuring beliefs whose predictive ability is limited.

This argued weak relation between the customers' selection attributes and their behaviour should not stop researchers from conducting research about the purchasing attributes because this will mean that marketing should be re-active rather than being pro-active, i.e. waiting the customers to behave in a certain way and then study their behaviour rather than anticipating how the customer will behave and adopt the appropriate marketing programs. On the other hand this should make the marketing researchers more cautious in doing such a research and be more conservative on its reliability and validity in order to increase its predictive power.

Previous research on positioning based on selection criteria (as will be discussed in detail in chapter three) had either explicitly or implicitly tried to connect positioning attributes to only the pre-purchase attribute (i.e. the selection criteria), implicitly

assuming that the pre- and post-purchase attributes are identical or even similar. Thus it was assumed that positioning should be based only on selection criteria and it does not need post-purchase criteria in order to perform effectively. So, according to their point of view, it is quite enough to base the positioning strategy only on the pre-purchase attributes.

The problem with such respect is that it was not demonstrated that pre- and post-purchase criteria are the same. Thus it could be argued that one can only use the pre-purchase attributes to practice positioning and not follow it by evaluating and using the post-purchase attributes in order to sustain it, especially in the case of financial services as they are of continually consumptive nature (i.e. consumed over a long time period, which require more emphasis into the post-purchase issue) (Zineldin, 1995). On the contrary research had been conducted by Gardial et al (1994) on the issue of the similarities and differences between the pre- and post-purchase attributes. Surprisingly their results demonstrated that (P555) *"In sum although there are clearly similarities between the two, it appears that respondents recall of pre-purchase and post-purchase product evaluation experiences varied in some important ways"*. So it could be argued now, that as long as positioning is seeking to achieve a sustainable competitive advantage, it should be based not only on pre-purchase attributes (selection criteria) but on post-purchase attributes in a further stage as well, i.e. in order to succeed in positioning one should not only investigate the pre-purchase attributes but he/she should investigate the post-purchase attributes as well. Otherwise the process might be incomplete and it might not produce the desired objectives, which is achieving a sustainable competitive advantage. One could present this issue as if the positioning process is a bird that has two wings. The first wing is about attracting customers based on their determinate pre-purchase criteria, while the second wing is about retaining those attracted customers based on their determinate post-purchase criteria. Since positioning that is only based on pre-purchased attributes will result in attracting new customers, while it does not guarantee retaining those customers, i.e. trying to fly depending only on one wing. So the process should be based on both pre- and post-purchase attributes in order to attract and retain those new customers, as long as the objective of positioning is to gain a sustainable competitive advantage. It should be clear that the researcher does not argue that two different positioning strategies should be adopted by the same organisation for the same customers at the same time. But the post-purchase criteria should be investigated in a

further stage and the organisation has to ensure that the selected positioning strategy accommodate both the pre and post attributes.

Depending on the previous discussion, the steps of the positioning process, based on the information driven from segmentation, targeting, market analysis, competitor analysis, and internal analysis, should include:

1- Define the determinant attributes (pre and post).

2- Define the customer's perceptions of the competing product/service in the target market.

3- Choose the position.

4- Define the attribute or combination of attributes that will form the basis for constructing the desired position (pre- and post-attributes)

5- Define the elements of the marketing mix that should be used in delivering the desired position to the target market.

6- Communicate the position

It should be clear that the complete positioning process, according to the suggested way, should be performed in two stages. The first stage, which was always the only stage according to the literature, depends on attracting new customers based on their pre-purchase attributes. While the second stage is about retaining those customers based on their post-purchase attributes.

Before moving on to the other important issue in positioning, which is the alternative positioning strategies, it should be emphasised once more that these steps of the positioning process are the same no matter if it had been performed on goods or services. Although it might be argued that service positioning is more difficult due to the unique characteristics of services, the only difference between goods and services regarding this issue is about the determinate attributes of positioning One should expect that the attributes available for service positioning should exceed those available for product positioning, since the elements of the marketing mix for products are four (4P's- product, place price and promotion), while the elements of the services marketing mix are seven (7P's- in addition to the previous four, process, people and physical facilities) (Ennew, 1992).

2.6   Alternative Positioning Strategies

One can notice a consensus between the researchers on the issue of the alternative positioning strategies (see for example: Aaker and Shansby 1982; Burnes and Gravens 1987; Ennew 1993; Kotler 1997), since the researchers had stated that the most known and used positioning strategies include the following:

- **Positioning by Attribute or Benefit:**

In which the organisations try to base its position on one or a combination of attributes, or a certain customer benefit, that should be considered important from the customers' point of view. For example positioning cars in relation to ease of drive, good looking, extra options, and economy gasoline consumption etc. Another example from the service industry is for service organisations that try to position themselves as having the best service mix or the most courteous employees.

- **Positioning by Price or Quality:**

Due to the special importance of these two attributes, most of the researchers separated them from other attributes. One can find a lot of examples here like the retail and supermarket industries.

- **Positioning in relation to Use or Application:**

Here the organisation tries to position itself based on a specific use or application of the product/service. Take for example the efforts of tea organisations to associate their product with a specific time of the day. An example from the Egyptian financial service market is the effort of banks to convince people with the use of visa cards specially in the case of travelling abroad.

- **Positioning by User:**

Under this strategy the organisation tries to position itself in relation to a specific user or class of users, i.e. those who are going to use the product/service should be belonging to a certain class. Two of the obvious examples here are the fashion industry and the effort of some financial service providers to position its credit cards to be associated to a certain type/class of users.

- **Positioning in relation to Competitors:**

Ennew (1993) distinguished between three types of positioning in relation to competitors:

a- Positioning directly against competitors: by identifying the competitors and claiming that the organisation's offer is far better than the competitor's. For

example the effort of privet telecommunication companies in the UK to position themselves against other public or private companies.

b- Positioning away from competitors: by positioning the organisation's offer as having different attributes but fulfilling the same needs as the competitors' offer. The effort of a number of soft drinks organisations to position themselves away from the Cola product is the best example here, as well as the example of building societies in their effort to position themselves away from traditional/conventional banks.

c- Positioning in relation to a different product class: by trying to position the organisation's offer in relation to competing offers, but from a different product class. For example the effort of margarine producers to position themselves in relation to butter.

After discussing the alternative positioning strategies two points should be noticed here:

1- Porter (1996) argues that the origins of any positioning strategy emerge from three distinct sources:

a- Variety-based positioning, in which the company produces a subset of an industry's products or services. Hence it bases its positioning strategy on the choice of product or service varieties rather than customer segments.

b- Needs-based positioning, in which the company tries to serve most or all the needs of a particular group of customers. Hence it is closer to the idea of targeting a segment of customers.

c- Access-based positioning, in which the company tries to serve customers who are accessible in different ways, although their needs might be similar to those of other customers and this is the less common base of segmentation.

2- The different alternative positioning strategies are not mutually exclusive. The organisation could choose to apply more than one strategy at the same time for the same offer. For example the organisation may decide to position its offer in relation to quality, type of users, and at the same time in relation to competitors. By this it did use three bases for positioning, which are quality, user and relation to competitors. But if the organisation decided to adopt this approach it should be aware of the problem of "Confused Position", when the market is going to be confused (not determinant) about the actual position of the organisation's offer,

because of the use of more than one factor to position the organisations offer (Aaker 1985; Kotler 1997).

Before moving to the next sections, an important question should be answered. This question is to what extent these strategies are applicable to both products and services sectors? The answer is all these strategies are applicable to both of them, but again the problem is going to be that, as mentioned before, it might be more difficult to apply some of these strategies due to the intangible nature of service.

After reviewing the main issues in building a positioning strategy, it is necessary to consider the issues reflecting the role of the brand in supporting the positioning process especially in financial services. As the brand is the positioning unit, where the experience and credence attributes are more important in the bank selection decision and at the time where the decision of bank selection is associated with high degree of perceived risk and the image and reputation have a major role in relieving this risk. So the branding section will start with defining the brand, understanding its relationship with branding, defining branding and its relationship with positioning and finally explaining the brands' role and levels.

2.7   Defining the Brand Construct

The first step in reviewing the branding process is to define the "Brand" because there are so many definitions and approaches which try to define this construct.

De Chernatony and McDonald (1992, P18) defined the brand as *"An identifiable product, service, person or place augmented in such a way that the buyer or user perceives relevant unique added values which match their need most closely"*. Here one can see that the authors interchangeably used brand as a tool (used by management in order to achieve the desired distinction from the market point of view) and branding as a process (consists of different steps, which if followed will lead to the desired results). The same view of defining the brand could be found in the definitions presented by Broadbent and Cooper (1997), De Chernatony and Dall'Olmo Riley (1999), and Wood (2000).

Another direction in the definitions could be seen in McWilliam (1997, P61) presents his definition of a brand by arguing that *"Brands are essentially a set of meanings held in the minds of their consumers"*. Here one could see that this definition

adopted a very general view in defining the brand construct, which will not lead to an actual understanding of what is brand and what is not. On the same track one can find the works of Amber and Styles (1996).

A third direction in the definitions could be inferred from the work of Kotler (1997). In fact it is originated on the American Marketing Association "AMA" definition of brand, when he argue that (P443) *"A brand is name, term, sign, symbol, or design or combination of them that identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors"*. On the same track both of Dibb et al (1997) and Betts (1994) as cited in Doyle (1987) adopted similar views in defining the brand construct.

The previous argument presented some examples of the three main directions in defining the brand construct. De Chernatony and Dall'Olmo Riley (1997) tried to classify these definitions in order to find similarities between how academics and brand consultants see brands and to find a basis to build a theory in the area of branding. They came up with classification of previous brand definitions into nine categories (legal instrument, differentiating device, company, identity system, image, personality, relationship, adding value, and evolving entity) as based on the main themes adopted in the definitions as well as having the manufacturer or customer point of view (input, vs. output view). De Chernatony and Dall'Olmo Riley (1998) tried to expand this classification to include twelve categories, as they replace a differentiating device with four new categories logo, short hand, risk reducer and value system.

This classification was a useful one, since it grouped almost all the previous definitions of the brand construct according to the themes in the definition. But this classification cannot be adopted through this research, because it is not suitable for the proposed approach to define the brand, since this classification grouped definitions of the brand as a tool or an item (brand itself), as an input process (branding and brand identity), and as an output process (branding and brand image). In other words this classification does not differentiate between brand and branding, as will be discussed later in detail in this chapter. It is argued that the new approach, which will be discussed here as differentiate between brand and branding, will help in offering a better understanding of the different constructs in this issue. It should be noted that Wood (2000) presented another classification of the brand construct based on two main themes; these are the definitions emphasis on brand benefits to the company and definitions emphasis on brand benefit to the consumer.

Depending on the previous discussion and the huge number of definitions to the brand construct, one can classify the definitions of the brand construct into three main categories, based on the contents of each definition. The first category: The definitions that interchangeably used brand as an item and branding as a process, or the brand and the product itself (De Chernatony and McDonald 1992; Murphy 1990; Goodyear 1993; Broadbent and Cooper 1997; Ambler and Styles 1996; De Chernatony and Dall'Olmo Riley 1999; Wood 2000).

The second category: Definitions, which present a very general definition that, cannot be used in practice (Blackston 1992; Smith 1996; Fournier 1998; McWilliam 1997; Amber and Styles 1996; Fuldwick 1996a).

The third category: The definitions which present a very reasonable definition of the construct (Crimmins 1992; Dibb et al 1997; Schoell and Guittinan 1992; Kotler 1994; Betts 1994; Rooney 1995; Chevron 1998), and all these definitions mainly originate with the AMA definition of a brand.

Now the definition of the construct brand that will be adopted throughout this research could be introduced, but it should be noticed that it is not going to be a new approach for defining it. Simply the AMA (1960) definition will be adopted, which defines a brand as *"A name, term, sign, symbol, or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors"* but with minor changes, because the definition of the brand should not be changed [as many researchers criticised the AMA definition as it is obsolete and they suggest either improvements, or new approaches to be followed in defining the brand construct (De Chernatony and Dall'Olmo Riley, 1998)]. The reason for arguing that the definition of the brand construct should still be the same as it was in the past is that what needs to be changed is the contents and the definition of the branding process to reflect the current circumstances, and this definition of branding process will need to be changed over time according to the environmental changes, i.e. the definition of the tool (brand) should still the same but the definition of the process (branding) should change over time. The suggested approach, which will be adopted in this research, will differentiate between brand as a tool and branding as a process (will be discussed later).

So the brand definition could be seen as follows:

"Brand is a feature (name, symbol, design, term.... etc or a combination of them) developed by the producer/retailer in order to build a relationship with the market,

and differentiate the unit of competition (goods, services, ideas, organisations) from those of competitors".

2.8   Understanding the Brand and Branding Relationship

Understanding the brand and branding (will be discussed later) process, and relationship will depend on the work of Feldwick (1996b). He argues that in order to get a clear identification about building brand equity (might be used as a synonym of branding, see Aaker 1996; Keller 1998; Wood 2000) one should first distinguish between three terms. Brand Image (description): The description of the association and beliefs the consumer has about the brand. Brand Loyalty (strength): A measure of the strength of consumer attachment to a brand. Brand Value (equity): The total value of a brand as a separable asset - when it is sold or included on the Balance Sheet.

He continued by arguing (P 87) that *"We would not expect these three concepts to be completely independent of each other, Brand strength should be one of the factors affecting the overall Brand value; Brand description might be expected to affect or at least to explain some of the Brand strength".* Then he presents this causal chain (figure 2.5) as representing the relationship between the three components of a brand.

Figure (2.5) Brand terms relationship

Image	Loyalty	Value
Brand Description →	**Brand Strength** →	***Brand Value***
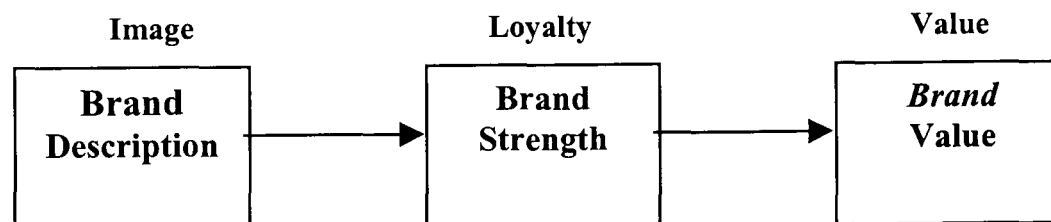
Source: Feldwick (1996b), P87

Although Feldwick's work concentrates on measuring the Brand Value (equity), his ideas are relevant for building the brand concept, but one should also combine this work with the research on the corporate identity and image issues.

A lot of work had been done on the issue of corporate branding (Van Riel and Balamer 1997; Stewart 1991; Palmer 1995; Markwick and Fill 1997). The researchers agree that the process of corporate branding should be seen as a multi-stage process, which begins with the corporate personality (sum total of the characteristics of the unit

of branding), then the corporate identity (the personality projected by means of conscious cues), and ends up with the corporate image (the total perception of the way an organisation presents itself [short run]) and Reputation (the historical accumulated view of the organisation mixed with one's experiences [long run]). Stewart (1991) presents the issue in the following figure (figure 2.6)

Figure (2.6) The Corporate Branding Stages

Corporate Personality	Corporate Identity	Corporate Image		
Corporate philosophy ↓ Core value Corporate culture ↓ Strategic management ↓ Corporate mission ↓ Business objectives ↓ Strategy formulation ↓ Strategy implementation	Organisation communication, objectives and "game plan" ↓ Functional communication objectives ↓ Development of structure and systems	**Image interface**	**Organisation publics**	Customers Government Banks Influential groups General public The media The trade Internal

Feedback

Source: Stewart (1991), P32

One can use the same logic in order to conceptualise the constructs brand and branding at the products/services level because a confusion should not be made between the terms Personality, Identity and Image, as Plummer (1984) did when he argued that the two faces of brand personality are:

1- Input (what the organisation wants its consumers to think, and feel [brand personality statement])

2- Out-take (what consumers actually think and feel [brand personality Profiles]).

Other support to the argument of brand personality, identity and image could be found in the work of De Chernatony and Dall'Olmo Riley (1998, P428), when they argued that *"The brand exists mainly by virtue of a continuous process whereby the values and expectations imbued in the brand object (product or service) are set and enacted by the firm's staff and interpreted and redefined by the consumers"*. They present the following model (figure 2.7), as a simplified representation of the cyclical process through which the brand becomes the interface between the firm's activities and the consumers' interpretations.

Figure (2.7) The Cyclical Process of the Brand
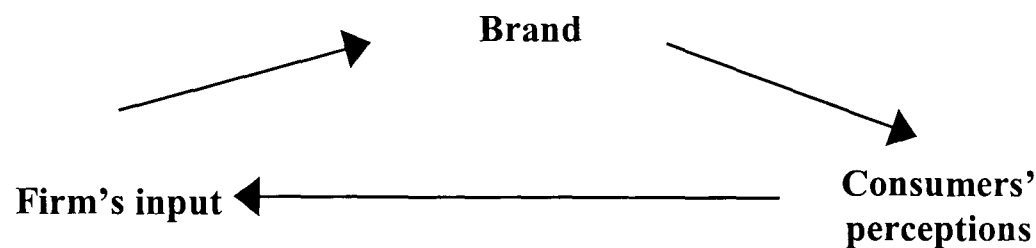
Source: De Chernatony and Dall'Olmo Riley (1998), P428

They continue by arguing that the brand is positioned by the firm through the elements of the marketing mix which work together to convey a pre-determined brand identity and personality, these are perceived by the consumers, in ways which are coherent with their self image and their functional and emotional needs. So one can see that they acknowledge that brands have personalities and identities, which the customers perceive, but they did not put it in an explicit way. Both Alt and Griggs (1988) and Aaker (1996) had the a similar view of branding and Aaker (1996, P141& P68) argues that brands do have personalities *"The set of human characteristics associated with a given brand"* and identities *"A unique set of brand association that the brand strategist aspires to create or maintain. These associations represent what the brand stands for and imply a promise to customers from the organisation members"*. Those personalities and identities are the basis for building strong brands.

Based on the previous discussion one can argue that the following diagram (figure 2.8) represents the brand and branding process at all levels (corporate, family of products, or an individual product [Konsik, 1989]). It also represents the relationship whatever the brand hierarchy used (Saunders and Watters 1993) (corporate dominant

[where the product is relying too much on the corporate brand], dual brands [where the effect of corporate and product brands seems to be equal], or brand dominant [where the corporate brand is not important and the product relies only on the product brand]).

Figure (2.8) The Brand and Branding Stages and Relationship

Stage 1   *Stage 2*   *Stage 3*   *Stage 4*   *Stage 5*

Corporate Personality	→	Product family Personality	→	Product Personality

Corporate Brand Identity	→	Product Family Brand Identity	→	Product Brand Identity	→	Brand Image	→	Brand Reputation

Brand

Branding and other marketing activities
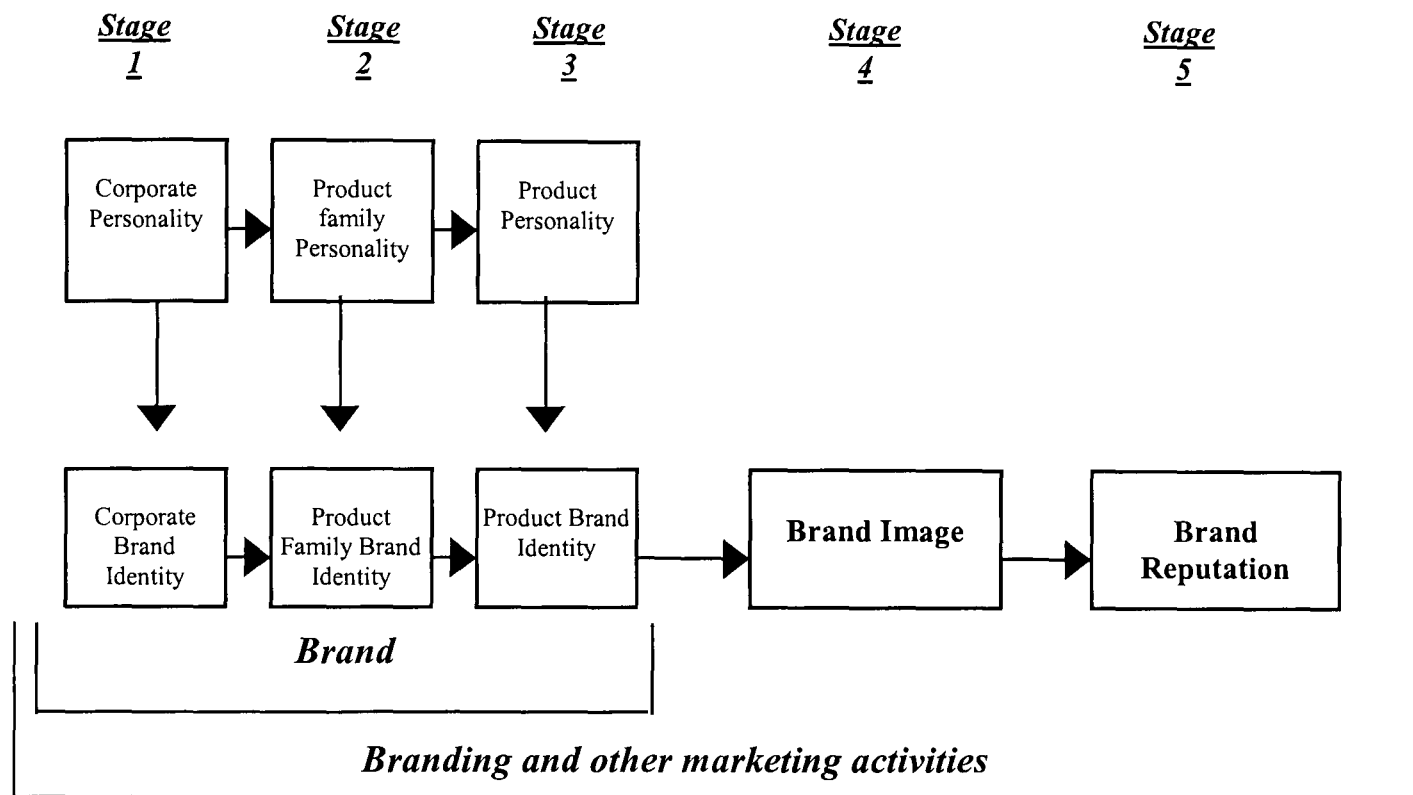
Source: Compiled by the researcher

This diagram explains the main stages of brand and branding (regardless of the level of the brand) beginning with brand personality then brand identity in the first three stages, after that brand image, and the last stage is brand reputation. This framework has also considered the two main points of views in brands, which are the firm's and the consumer's, the firm's point of view in the brand personality and identity, and the customer's point of view in brand image and reputation. This diagram had made a distinction between brand and branding, since the brand is the item (tool) which comes up in the form of an identity of a product or a service. While branding is a process that covers a lot of activities, starting with drawing the personality and identity of the brand and continuing with trying to transfer this brand identity into the customers' minds in a form of image and reputation and Rooney (1995) emphasises the process nature of branding as an evolving one.

This figure and the argument before it are very crucial to this research, as they emphasis the idea that the main source of image and reputation are the brand and branding activities. This link explains the pivotal role played by the brand in the positioning process (the determination of the determinant attributes in selection), as most of these attributes in the financial services organisation is of experience and credence qualities type (Zeithaml, 1997), which means that image and reputation will be used extensively in judging these attributes, which in turn mean that the brand and branding do have a major role here. The next section will present the definition of the branding as well it its relation to the positioning process.

2.9   Defining the Branding Construct

The next step of the process of conceptualisation should be defining branding because there are a lot of definitions for this construct as well.

One should first mention that Goodyear (1993) explained that the term branding was originally used to designate the ownership of cattle in the days before land was enclosed. So it was not surprising to find that most of the definitions of branding had adopted this approach in defining the construct. Although one can find that there are other approaches in defining branding, it was not surprising to find out that most researchers had emphasised only the differentiating role of the brands as well.

In the first approach most of the researchers (Palmer 1994; Jobber 1995; Brown and McDonald 1994; Murphy 1998; Chan and Huang 1997) saw branding as a process which uses a brand to identify a product or service and distinguish it from those of competitors. The definitions of Chan and Huang (1997) and Jobber (1995) adopted similar view of the branding process. In their opinions the whole process of branding is just about communicating with the market about the brands to make it easier for it to identify the product and be able to distinguish it from competitors' products. It is obvious that these definitions had taken a very narrow approach in defining the construct, because it is very difficult now to argue that the role of branding is just limited to the identification and differentiation. These definitions had pushed the researchers to try to define the brand in a more modern way, which has resulted in the interchangeably use of brand and branding.

Another approach of defining branding can be seen in Saunders and Watters (1993, P32) work, when they argue that branding extends to cover three main areas, which are:

1- Identify a need among consumers.

2- Understand the psychological need behind it.

3- Present a Brand, which integrates both needs.

"Branding is about identifying a clear function need among discreet and identifiable group of customers, understanding the motives and psychological needs of the group and then integrating the two needs into a single integrated proposition", and they continue by arguing that *"Branding is more than giving a product a name, it is about identifying a target market and then developing a product and a brand personality that the target market will identify and prefer"*. Here one can see that they mentioned the term brand personality, and they looked to branding as a substitute of the marketing process, which is not totally convincing because this will lead to a duplication of work (between the brand management team and other marketing management teams) and may also lead to incompatibility with the positioning process (which will use the brand as one of the positioning elements, which may be considered as the main cause of brand management problems). Meanwhile one can justify their approach as a reaction to the first and most common approach of the branding definition, although it is not appropriate to take on one extreme just as a reaction to another extreme. Similar views could be found in works of "brand equity" and "brand added value", as researchers in the area assign functions of positioning to branding (this issue is a very huge one and it contains a large number of research, but it will not discussed in this research as it is out of it research focus [for more details see Riezebos 1994; Aaker 1996; Keller 1998]).

Reviewing these definitions of branding and positioning should raise the question of what should be the relationship between positioning and branding. It is very difficult to find a research study, which investigates the two issues of positioning and branding at the same time, as well as trying to explore their relationship and mutual effect on each other. The exception is in the marketing texts that discuss each topic separately, trying to define it but without going through the relationship between the two of them, except Aaker (1996, P176) who offered a clarification of the relationship but as a part of the branding process. He argues that *"Brand positioning is the part of the brand identity and value proposition that is to be actively communicated to the target*

audience and that demonstrates an advantage over competing brands". Also a number of researchers were interchangeably used definitions of the processes of positioning, branding and marketing as a whole, i.e. assigning marketing activities to positioning or assigning positioning activities to branding. Some research interchangeably used positioning and marketing as a whole (Aaker 1982), other research interchangeably used branding and marketing as a whole (Saunders and Watters 1993), while others interchangeably used positioning and branding (Rooney, 1995).

This research argues that the ignorance of the relationship between positioning and branding and dealing with each process as it is totally separated from the other might be seen as one of the reasons for the problems facing both of the two processes in practice. Since this separation will result in a number of consequences such as duplication of work (since both positioning strategy and branding strategy need data about the competitors and the market, so it is more economical to collect all the needed data at one time), and waste of resources (because having human, physical and information resources committed separately to each process and not integrated or even shared with the other process), it also may result in having non-integrated or even contradicted decisions that might reduce the efficiency of both processes (since the two processes should work in the same direction of differentiating the organisation's offer and facing the competition in order to gain a competitive advantage).

Hence it is more appropriate to see branding as a part or a subsystem of another bigger marketing subsystem which is positioning, since the brand is one of the elements that might be used in positioning, and some researchers are arguing its crucial importance in service industries in general and in financial services in particular (Easingwood and Mahajan 1989; Saunders and Watters 1993; Bharadwaj et al 1993; De Chernatony and Dall'Olmo Riley 1999). So in positioning one should give special attention to the brand (as one of the important elements of positioning because it deliver information to the customers about the experience and credence attributes and consequently this plays a crucial role in the service selection decision) and branding (as a process) that it may reinforce or reduce the outcome of positioning because its pivotal role in creating the organisation's image and reputation. As the decision of bank selection is of a high perceived risk decisions (Ennew and Mckechnie 1998) and the image plays a major role in relieving this risk and influencing the customers' choice.

On the other hand branding should be planned having in mind the desired position the organisation (including all its brands) wants to occupy in the target market. So it should be done within the positioning context, otherwise a brand might succeed in the short run but fails in the long run, or even succeed in both the short and the long run but come up with a negative impact on the overall position of the organisation and/or the position of other products/services.) and as the decision of bank selection is of a high perceived risk decisions (Ennew and Mckechnie 1998) the brand image plays a major role in relieving this risk and influencing the customers' choice.

Based on the previous arguments the definition of branding could be seen as follows *"Branding is a sub system of the positioning process, which concentrates on the brand and how the organisation might form a successful relationship between the brand and its target market"*.

It could be inferred that this definition of branding reflects the argument of brand and branding, and more importantly it presents the new point of view of seeing the branding in the context of positioning.

It should be noticed that there are no differences between goods and services regarding the definition of the construct branding or even regarding the suggested relationship between positioning and branding, since the specific characteristics of services does not seem to have any effect on these issues. The exception is that it might be argued due to the services characteristics that this process is more difficult (De Chernatony and Dall'Olmo Riley 1999; Dall'Olmo Riley and De Chernatony 2000), and it might be argued as well that branding is more important in services. Actually this argument may also apply to the brand definition as well as the brand and branding relationship.

2.10 The Roles of Brands

Understanding the roles of the brand should help in gaining more understanding of its effect on the positioning process and consequently the selection decision. As the brand itself might not have an effect on the decision of bank selection, but its role in delivering information about other important attributes that could not be evaluated on the pre-purchase phase (experience and credence qualities) (Zeithaml, 1997) and its role in building the company's image and reputation, as well as in relieving the risk associated with this decision (Roselius, 1971) give it this level of great importance.

Most of the research tends to summarise the role of brands on the legal protection, the differentiation and adding value to the products (Goodyear 1993; Bradley 1995; Palmer 1998), but De Chernatony (1993) expanded these roles as he was describing the evolutionary stages, which the brand goes through in its life. He defined these stages (roles) as: differentiation stage (a mean for differentiation from other competing products), sign of ownership stage, functional stage (the brand performs certain functions) service stage (i.e. the brand offers more than the core service), legal stage, shorthand stage (the brand as an indicator of certain attributes), risk reducer stage (the brand guarantees certain levels of attributes), and symbolic stage (the brand belongs to a certain class of the society).

In a more comprehensive model, Keller (1998) suggested that one should differentiate between the roles of the brands to the consumers and to the manufacturers. The roles of the brands to the consumer are: identification, risk reducer (functional risk [the product performance is not up to the level], physical risk [the product makes a threat to the physical well-being], financial risk [the product is not worth the price], social risk [the product results in embarrassment], psychological risk [the product affects the mental well-being] and time risk [the opportunity cost caused by searching for an alternative product]), search cost reducer, promise with the maker of the product, symbolic device and signal of quality. While the roles of the brand to the manufacture are: means of identification to simplify handling, means of legal protection, signals of quality levels, means of endowing products with unique associations, source of competitive advantage and source of financial returns.

Based on the previous discussion it could be argued that the roles of brands to the customers are:
- Identification
- Shorthand
- Signals (Pool of other attributes)
- Adding value
- Risks reducer (all types of risks)
- Symbolic.

While the roles of brands to the organisations are:
- Means of legal protection
- Means of sending signals
- Source of competitive advantage

- Source of financial return

An argument about products and services could be raised here, since it seems that all these roles are applicable to the services as well as the products, but the problem is are these roles equally important in both services and goods, or which of these roles are more important in goods than services and vice versa? This is a question which need to be answered by other research for different types of goods and services.

2.11 Conclusion

The positioning question is not about whether to position or not, but it is about how could the organisation be effectively and efficiently positioned. It should be clear that the positioning process is the third and last stage of the segmentation, targeting, and positioning strategy, "STP", which aims to achieve a sustainable competitive advantage. The need to understand the customer choice is the cornerstone in the positioning process, as it is the basis of building this strategy.

The organisation should use the positioning strategy(s) that suits it best from the alternative positioning strategies, by attributes, quality or price, user, use or application, or with respect to the competitors, and positioning maps should help the organisations in deciding which position to occupy. It should be clear that positioning products do not differ from positioning services, except that for services the process might be more difficult. But it is more important, especially for financial services, and more attributes are available for positioning services compared to products.

Branding offers great support to the positioning process, as it offers better understanding of the selection criteria based on experience and credence and it is of crucial importance in creating the image and reputation in particular in financial service organisations due to the high perceived risk associated with this decision. The argument suggests that the brand does have an impact in forming the image and reputation, and the brand is responsible for delivering information to the expected customers about the experience qualities, which could be better judged after purchase and that is what made it necessary to review the branding issue after discussing positioning and before moving to discuss selection criteria as the basis for positioning, which is the main focus of this research.

According to this chapter argument the definition of a brand should not be changed, but the contents of the branding process should be changed over time according to the

environmental changes. As the definition of a brand should remain the same, because it describes what it really is, but the definition of branding, as a process, should be changed from time to time to cope with the changes and new realties, and this is the case for any definition of other marketing processes, not only the branding process.

Branding could be seen as a subsystem of the positioning process, which concentrates on the brand and how the producer can form a successful relationship between the brand and its market. One can see this process as a multi-stage process, which includes, the company's point of view (personality and identity), and the customers' point of view (image and reputation). The relationship between branding and positioning might be seen as an iceberg, where the obvious part of it represents the branding, while the main part of it under the sea that is difficult to be seen.

The argument also suggested that brand and branding do not seems to be different if applied to goods or services, but it is argued that the difficulty and importance of them are more in the service context than in the products context.

The next chapter will discuss the bank pre-purchase criteria, which should be used as the basis for the first stage of the positioning strategy. As explained in this chapter, brands as a poll of other criteria, as a source of information of experience and credence qualities, as the source to form the image and reputation, and as a very successful risk reliever device is expected to play a significant role in this first stage of positioning.

Chapter Three
Small Business' Bank Selection Criteria

3.1 Introduction

As chapter two conceptualised positioning and explained its importance for the financial service organisations, as well as emphasising the significant role of the brand on bank selection decision, here comes a step further. It had been argued that understanding the customer is a very crucial phase in building a successful positioning strategy. Day and Wensley (1988, P1) argue that *"Without a proper diagnosis, managers cannot choose the best move to define or enhance the current position"*, and one can add or even build a position. It had been made clear in chapter two that the first step in positioning is about defining the customers' determinant attributes, which form the basis for the other steps.

Understanding the customer means answering many questions, like the questions: Why does the customer behave in a certain way? How does he/she make his decisions? Who is actually taking the decision of purchasing the financial services? When are the decisions taken? Where does he/she buy?, and What are the factors considered in taking the decision? Answers to such questions could be found in the consumer behaviour research and are outside this research focus.

This research argues that as banks try to effectively position themselves they should convince their customers that they satisfy their needs in a better way compared to the other competitors. Understanding the financial needs of the customers is a cornerstone in understanding and conceptualising their selection criteria, as it is argued that these needs are reflected in desired product attributes (Wilkie, 1994). Evans et al (1996, P28) emphasis this idea when they argue that *"Product features or attributes are thus creating benefits and these benefits are contributing to the realisation of consumer needs and values"*. So the banks should define the determinant selection criteria and depend on it in building its positioning strategy.

A lot of work, both theoretical and empirical, had been done in the area of service quality to determine the dimensions of service quality (as will be detailed in section 3.6), but regarding selection criteria the research had adopted an empirical focus while largely ignoring the theoretical one (Wind and Thomas, 1980). regardless the benefits

that will be generated if researchers succeeded in conceptualise bank selection criteria. Athanassopoulos and Labroukos (1999) emphasis the importance of reaching a conceptual framework of the buying behaviour of business customers, as the business customers may show similar patterns of behaviour that worth studying because it increases the level of understanding, they argue that (P274) "*Firm behaviour even at the corporate banking level may reveal significant patterns of similar or dissimilar behaviour, which undoubtedly contributes to our understanding about corporate banking relationship*". Green et al (1995) explained the shortcoming of the absence of a conceptual framework in the field, as they emphasis that every study is based on a different set of assumptions and variable, which makes it difficult to determine whether the differences reported are due to procedure or to variation in the actual circumstances, and lack of a model also may result in important issues being overlooked.

It should be clear, as discussed in chapter two, that selection criteria (pre-purchase) are only one of the two-stage process of positioning. The other step is post-purchase attributes, i.e. it is not enough for effective positioning to be based only on pre-purchase attributes (selection attributes), but it should be based on post-purchase attributes (mainly satisfaction) as well, since pre- and post-purchase attributes may vary in some important ways (Gardial et al, 1994). In other words positioning strategy should accommodate not only the pre-purchase but the post-purchase attributes as well.

The main objective of this chapter is to come up with a framework that represents the bank selection (pre-purchase) criteria for small business customers. So the rest of this chapter will be organised as follows. Firstly the issue of business customers' needs of their banks will be presented, as this should be the first step in offering a conceptual framework for the selection criteria. Then the empirical research on business customers' bank selection criteria will be discussed, followed by empirical research on personal customers' bank selection criteria. Fourthly the results of the first wave of the pilot interviews conducted on small business customers in Egypt will be presented. Then the issue of measuring service quality will be discussed as one of the cornerstones of the proposed framework that will be developed. The proposed framework for small business customers' bank selection criteria will then be developed based on the theoretical work on service quality, the empirical research on selection criteria, the results of the pilot interview, and the Moller and Laaksonen

model of purchasing criteria in industrial markets. Finally the chapter's conclusion will be the presented.

3.2 The Small Business Customers' Needs of their Bank

Before discussing the business customers' needs of their banks, it might be helpful to identify areas in which small businesses may differ from large businesses. It should be noted that an argument might be raised here that some of these issues are similar in both personal and business customers' markets so there is no need to highlight these issues when talking just about small business customers. This should not be the case in this research because no one can deny that there are similarities as well as differences between retail and business customers, but in order to have a complete profile of the business customers, one must present the whole picture of it, no matter if parts of this picture are similar or dissimilar to other pictures. Freeman and Turner (1990) support this direction when they argue that small business customers should not be considered as either personal customers or big corporations, but they should have their own class. Another reason is that the focus of this research is on small business customers with all their dimensions no matter if they are similar or dissimilar to other segments/markets. Finally searching the similarities and dissimilarities between small business customers and personal, or any other, customers needs a separate research and it is outside this research focus.

Bearing that in mind, one can start highlight the following points related to small business customers:

1- File and Prince (1992), based on their experience, argue that small and medium size enterprises' (SMEs) buyer behaviour is different from corporate buyer behaviour. Since SMEs work through the stages of the buying process, (information processing, evaluation, purchasing and post purchasing) differently from decision makers in large organisations because of a number of reasons such as: limited expertise, high involvement, sensitivity to risk, smaller buying centre, the more they rely on word of mouth, and they are highly influenced by the nature of service interaction itself.

Again File and Prince (1992) emphasise that relying on large companies' buying behaviour models can lead to ineffective SMEs marketing. There are some

differences between large corporations and SMEs, which are the result of accumulated research on the buying behaviour in the SME, like:

- Buying centre characteristics, which are typically small and often include only the owner and immediate management colleagues in SMEs.
- Degree of formality, since the buying process itself is more informal in SMEs.
- Professionalism, since the in-house expertise is low and SMEs rely more heavily on the opinions of others believed to be more expert or more experienced.

Cheron et al (1989) also argue that the "commercial market", the small and medium size firms, represent the middle market and it differ from both "retail market" personal customers, and "corporate market" large size firms.

2- Turnbull's (1984a) results could be seen as a support for the previous argument, when he searched the Times Top 1000. He found that (P122) *"The simplest of companies, generally at the lower level of the Times Top 1000 employed a single financial director who was responsible for the day-to-day operation of bank accounts, the purchase of foreign exchange and the presentation to the board of proposals for alternative methods and source of medium- or long-term finance"*. Here one can see that he observed that the decision of bank selection was mainly in the hand of the financial director of the company. He again stated that *"However, although in large companies there are more individuals involved at periphery of purchase decision, even with the largest companies, the financial director is very involved with bank selection other than for money market or foreign exchange transactions"*. If there are differences even between the large and small top 1000 companies, so it is logical to expect differences between large and small size business. Also one could conclude that if the decision of bank selection is like this in the top 1000 companies, so it could be argued that such a decision would be solely in the hands of the manager of the small business.

3- Most of the SMEs do not split banking (using more than one bank for conducting banking operations at the same time), as large companies do. Turnbull (1983) investigated medium size companies in the UK and found that 59% of his sample

do not split banking (using only one bank). He compared this result to another research conducted on a sample of the Times Top 1000, where the results show that all respondent companies used three or more banks, and the company size was directly related to the number of banks used. Zineldin (1995) supports these findings, when he searched the same phenomenon but on Swedish companies. He found that 80% of the small size companies do not split banking and 70% of the medium size companies do not split banking, while 100% of the large size companies do split banking.

4- File and Prince (1991) concluded, depending on their empirical work, that one could differentiate between three different groups of SMEs. Those who are "Return seekers", the largest group. They are most likely to evaluate financial services on the basis of fees charged and the relative cost of services. Discretion of the institution and confidentiality are also important concerns to this group. The second group is "Relevance seekers". This group tends to be sceptical and conservative, they need to be assured that any proposed service is of direct relevance to them and their business. The third group is "Relationship seekers", those who give greatest weight to the personal referrals of colleagues and weigh support and institutional responsiveness to their unique needs highly. So one could generally conclude that even if one is dealing with the small size business, they do not represent a one single homogeneous segment, as some other sub-segments could be identified according to theirs election criteria.

5- Zineldin (1995), in a theoretical argument, disagreed with part of the previous results, when he argued that banks more than other services should see themselves as partners with their business clients, since both of the partners should actively participated in an interaction process. He emphasises that the concept of partnership and interaction used in the case of the banking industry cannot be applied to other services, since the customer may not have the same interest in building a relationship with a service provider like a restaurant or an airline company. Both Athanassopoulos and Labroukos (1999), and Levesque and McDougall (1996) supported this argument, but Reichheld and Sasser (1990) go far by arguing (as cited in Levesque and McDougall, [1996]) that the retail bank that increased its customer retention rates by 5 per cent will increase its

profit by 85 per cent. [The importance and benefits of the relationship for both the business customer and the bank is very well documented in the literature (see for example: Moriarty et al 1983; Turnbull and Gibbs 1987; Thunman 1992; Ennew and Binks 1996a; Binks and Ennew 1997)].

On answering the question of what do the small business customers need from their bank? One can differentiate between three main directions in answering this question. The first direction was presented by Stevenson (1989), when he directly answered the question by identifying six principal purchase motivators, and then related these six to three primary needs. The six principal purchase motivators are[*]:

1- The need for money.

2- The need to earn a return on money held.

3- The need to move money.

4- The need to manage risk.

5- The need for information.

6- The need for advice or expertise.

Then Stevenson (1989) related these purchase motivators to what he called the primary corporate needs:

1- *Survival:* information, risk management, money, and advice.

2- *Growth:* return on financial assets, money, information, and advice.

3- *Peace of mind:* risk management, information, money, and advice.

Although this answer to the question grouped most of the business customers' needs, it has two main problems. Firstly there is no indication whether these needs are equally important or some of them are more important than the others, i.e. is there any hierarchy for these financial needs? Secondly it could be argued that this model ignores the process of purchasing (functional quality dimensions) and focuses only on the antecedence, i.e. it is only concentrated on what needs might be satisfied and not with how they are satisfied.

A similar approach could be found in Prince and Schutz (1990) and Harrison (1994) when they present pyramids and argue that it represent the customers' basic preferences and needs from their bank.

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[*] It might be argued that these purchase motives and needs, in one way or another, are similar, no matter if the argument is about corporate or personal customers. But the main point here is are these motives and needs similar or different between corporate and personal customers? This is a question that is out of this research focus (note that for example Harrison [1994] presents a similar classification of the financial needs but for retail customers).

Smith (1990) emphasised only one of the needs, that is the interaction with both of the bank manager and the bank staff as one of the service quality dimensions. She presented the small business expectations of a bank manager (or other key contact), which could be seen as the service's attributes that are related to this specific need. These expectations were: to be trustworthy, make quick decisions, understand the business, have the needed authority, available, interested, friendly and polite, has up to date knowledge...etc. She also presented the small business expectations of bank staff, which were to be error free, relied on, efficient and quick, friendly and polite, knowledgeable about the bank products, and interested in the business. Although these are some of the service attributes rather than the needs, it helps in developing an idea about the needs behind these attributes.

The second direction could be inferred from Binks et al (1989), when they adopted the Levitt (1980) model categorising the product offered by any organisation to generic, expected and augmented, which could be seen as the core and supplementary expectation of the small business customer from its bank. They argue that the generic (core) service, which is the basic service that is offered to the small business customers, is the supply of loanable funds. The expected product, which small business customers would expect to be present when making a purchase, covers the features of decision speed, provision of business advice, competitive price and the term of the loan. The augmented product, however has the additional features that small business customers may not necessarily expect but which improve the service provided by the product and differentiate it from those of competitors, includes more flexible repayment conditions, fixed and more predictable charges, advice and information. Ennew and Binks (1996a) extended part of their argument when they searched the benefits of participating in a banking relationship. They argue that the core service for small business customers might include: the amount of the overdraft, the proportion of overdraft used, the interest rates and the collateral ratio. Although this has the advantage of taking a more general view of needs (the need itself and how it is satisfied) the disadvantage is that it does not identify specific types of needs.

The third direction in the attempts to define the small business customers needs from their bank could be inferred from Channon's (1986) work, when he stated that (P83) *"The reasons for utilising specific bank services reflect the desire to satisfy both*

rational and emotional needs on the part of both individuals and corporations". These emotional and rational needs include:

- **Emotional**

  1- Ego enhancement: since the customers want to be appreciated, complimented and to feel important.

  2- Personal power and influence: since the customers need to feel they are dominating their environment.

  3- Personal risk reduction: since all the services purchased should be seen as having an acceptable level of personal risk.

  4- Personal gain or profit: this factor could be seen as both an emotional and a rational factor regarding yielding profits.

  5- Desire for affiliation: since customers need to be socially accepted by others.

  6- Physical and aesthetic pleasure: since customers need to satisfy both physical and aesthetic needs.

- **Rational**

  1- Profit or economy: probably this is the most dominant factor in the corporate purchase decisions.

  2- Flexibility: since customers, in some cases, need customised services to meet their unique needs.

  3- Speed: fast performance may be one of the important needs, especially to corporate customers.

  4- Service quality: it is one of the most important factors governing the choice decision.

  5- Protection and security: for both individuals and corporate properties.

  6- Back up service: because of the long-term nature relationship between customers and their bank, this is considered one of the most important factors.

  7- Convenience: the location and opening days and times of the bank are important factor.

8- Reputation and perceived technical skill: since most of the corporate customers are conservatives and will not tend to do business with institutions of unknown reputation.

Although Channon (1986) presented a more comprehensive model profiling the needs of corporate customers, some needs are still missing like the need for convenience "one stop shopping" but the most crucial problem with this model is the overlapping and misclassification of some of its factors. For example:

- The factor of personal risk reduction had been classified as one of the emotional factors, although it is related to a rational factor concerning avoiding the unjustified levels of risk.

- Service quality factor had been classified as one of the rational purchase motives, although not all service quality dimensions are rational. For example, some items like the employees dressing well and net appealing, the visually appealing physical facilities and the employees' courteousness are more related to emotional factors.

- Service quality factor, as will discussed later in this chapter, by itself includes some other factors. For example it includes speed, security, convenience and reputation.

- Reputation is more likely to be an emotional not rational factor.

These were the three basic different directions that tried to identify the needs of the small business customers, but there is another view that could be added to these three views. This alternative view does not directly define the customers needs, but it could be used in understanding the minimum level of the bank service attributes that should be offered to the customers based on empirical studies. Hence it could be manipulated in understanding the needs behind these attributes. Since the reasons for leaving a bank might be used as the basic (minimum) attributes that should be offered to the small business customers by their bank. These attributes could be considered as hygiene factors that should keep the level of customers' satisfaction at its minimum level and prevent them, in part of it, from switching banks. Hence it might be argued that it is a reflection of the minimum level of the customers needs. On the other hand these switching reasons could be argued that it might work as a proxy of the minimum level post-purchase criteria.

Chan and Ma (1990) conducted a survey on 96 Hong Kong companies, and their results showed that 80 per cent of the sample had not switch their bank during the last two years, but the reasons for leaving the main bank were, in order of priority:

- The quality of the service.
- To extend borrowing facilities.
- To enjoy more varieties of banking services.
- The convenience of location.
- The personal relationship with a bank.

It could be inferred from the previous presentation that if these are the basic requirements (needs) of corporate customers that should prevent them from switching their bank.

In another study Smith (1989) identified the major sources of dissatisfaction regarding banking services from the small business customers' point of view, which were:

- Inefficiency of both banking staff and banking system
- Errors made by the bank staff.
- Inadequate support and inflexibility of the bank in responding to the needs.
- The bank charges.
- The qualities of the bank manager or the other key contact officer.
- Insufficient information.
- The speed of the decision making process.

In contrast with the study by Chan and Ma (1990) this study identified only the reasons for dissatisfaction with the bank services, and it is well known that the customer may be dissatisfied with his bank but continue banking with it. While Chan and Ma (1990) present the factors, which lead to take the decision of switching the bank, Smith's (1989) study give an indication about the minimum service attributes that should be offered to the small business customers by their bank, which should help in understanding the needs behind it.

For this research understanding the needs of small business customers from their banks is not an objective by itself, but it is a means to understand and then develop a framework that describes the small business' bank selection criteria, as it had been argued that selection criteria (attributes) are a reflection of the needs (Evans et al, 1996). The next sections will deal with empirical research on selection criteria for both business and personal customers, then followed by the results of the Egyptian pilot

study in order to get more understanding of the issue in Egypt as most of the literature used in this research had been developed in western countries, so it was necessary to get the Egyptian view.

3.3 Business Customers' Bank Selection Criteria

A lot of empirical research had been conducted on both the business and personal customers in order to determine the criteria that form the basis of their bank selection decision. The research on the business customers will be reviewed, in depth, in this section. The personal customer's research will be reviewed in the next section since, as indicated before the smaller the size of the organisation, it is more likely that the bank selection decision will be in the hand of just one person (Turnbull, 1984a). So it might be argued that the research on personal customers' bank selection criteria might be relevant to research on the small business' bank selection decision.

A number of models had been introduced in an attempt to understand the organisational buying behaviour in general. For example, The Marketing Science Institute Industrial Buying Model "The Buy Grid", which analyses the industrial buying situations into three classes (new task, modified re-buy and straight re-buy) and eight buy phases. The Sheth's Model, which tries to incorporate the economic (company and product-related) factors with the socio-cultural (situational, life style, role and background) and emotive factors into an industrial buying behaviour model. The Webster and Wind Model, which presents the industrial buying behaviour as a decision making process influenced by four main groups of variables (environment, organisational characteristics, buying centre characteristics and the individual participants). Finally the "IMP" model of industrial buying behaviour, which emphasises the interaction process between the organisation and its industrial buyers. For more details see for example (Chisnall 1985; Wilkie 1994; Loudon and Bitta 1993; Hakansson 1982). These models as well as others had been introduced as an attempt to understand the actions taken by both persons and companies, since O'Shaughnessy (1992) explained that in order to predict the human action the triad of {wants-beliefs-actions} must be studied, and two of the three are needed to predict the third.

Before critically reviewing the research on the business customers' bank selection criteria, one should explain that there are a number of general comments related to all

the research conducted in this area, which will be discussed soon, but any specific comment, related to a specific study, will be discussed separately with its study. The general comments are:

1- All the previous research had depended on investigating the present customers of the bank, asking them about the criteria they used in the bank selection decision. These researches had jumped over the fact that some of the interviewees might have taken this decision a long time ago. So some of the interviewees may not be able to give the researcher the correct answer that represent their attitudes at the time when the decision of bank selection had been taken. Since Gardial et al (1994, P551) had noted that *"Potential biases associated with retrospective recall should be noted, first compared with concurrent verbalisation that rely on short-term memory, recall that utilises long-term memory may lead to biases such as selective of recall, rationality bias and reconstruction"*. This methodology, regardless of its limitations, seems to be the most available method for collecting these data, given the difficulties of identifying customers who are just about to open a bank account. So although the methodology often used in the literature is not ideal for this kind of research, it seems that it is the most practical method for collecting the needed data so far.

2- Due to the previous problem, all the research had come up with results that are subjected to a lot of debate, since they confused between elements that are evaluated before the actual bank selection (pre-purchase) and elements that could not be evaluated, or better be evaluated after purchase (post-purchase), i.e. experience qualities and credence qualities (Zeithaml 1997; Ford et al 1990). For example it is agreed that post-purchase attributes such as speed of the services, understanding and friendliness of the staff and the quality of relationships between the customer and the bank are among the selection criteria of the bank, although it is obvious that these attributes are evaluated not only after selection of the bank, but after start consuming the services as well, so most probably the customers evaluate the image of the item rather than the item itself.

3- Most of the previous research (Anderson et al 1976; Laroche et al 1986; Edris and Almahmeed 1997) had depended on multiplying the score that shows the importance of each factor by the score that shows the degree of dissimilarity of this factor between the number of banking organisations working in that market, from the customers' point of view, in order to define the determinacy power of

each of these factor. As explained in chapter two the attributes used for positioning should be important and dissimilar between the competing offers, then determine the possibility of using these factors in distinguishing the banking organisation. Although this method had been demonstrated to be among the best ways to identify the determinant attributes (Myers and Alpert 1968; Alpert 1971) the problem with that is in some cases some factors, which are on the end of the rank of importance, appeared to have a strong determinate power, not because they are very important but because they are extremely dissimilar between different banking organisations [for example in Edris and Almahmeed (1997), the attributes ranked ninth and eleventh according to importance, but are ranked first and second according to the result of the multiplication]. Depending on the output of the multiplication in building a positioning strategy may not result in achieving its objectives, due to the minimum importance of these attributes to the customer. Again although this seems to be a problem with this type of analysis, it is the most appropriate way, but the researchers should use these results in addition to their knowledge and experience before suggesting the attributes that could be used in differentiating the service organisations.

4- Most of the previous studies had depended on developing their research instrument on literature review based only on reviewing the previous empirical research. This were done without conducting any pilot studies to see if there are any changes that happened to the structure of the factors constituting the bank selection decision and to reflect the specific cultural situation. As might be expected, from time to time, some new criteria will appear and maybe some old criteria will disappear according to the changes in the bank, customer and the environment in general.

5- Many studies did not try to evaluate the validity and reliability of their research instrument, which lacks the objective evaluation of the findings.

6- Not one single study, to the researcher's knowledge, had ever tried before to conceptualise the criteria of a service selection decision, nor tried to find a theoretical justification of the empirical results of the service selection criteria.

7- To the researcher's best knowledge there has been no effort in the past to conduct a cross national study concerning the bank selection criteria of small business customers between countries that are dissimilar according to the level of economic development and the culture factors in general (developing and

developed countries), which might help in investigating whether it is possible to apply similar positioning strategies in different countries, depending on investigating these countries at the same time. As the research had been emphasising western countries that could be seen as on the same level of economic development with no great cultural differences between them (Ta and Har, 2000). For example the study of Channon (1986), which had studied the selection criteria of both the US subsidiary companies in Europe and the European subsidiary companies in the USA, and the study of Mols et al (1997), which investigated the corporate customers' choice of domestic cash management banks in 20 European countries.

The results and limitations of the previous studies on business customers' bank selection criteria are summarised in table (3.1).

Table 3.1 The bank selection criteria for business customers

Author(s)	Country and Sample*	Results	Limitations
Turnbull (1984a)	UK, a random sample of 30 companies from the Times top 1000 companies	Important bank selection criteria are: reliability, prompt decision, willingness to lend simplicity of loan agreement, reputation, low net cost of service bank personal, knowledge and interest in the company, extensive geographical representation, awareness of local business conditions and wide range of services.	- Depending on importance and ignoring dissimilarity. - Small size of sample - lack statistical generalisation.
Turnbull (1984b)	UK, judgmental sample of 30 companies with European subsidiaries	The important selection criteria are quality of the services, competitive terms, rapid decision making, communication and understanding of the company needs, wide range of services, reputation of innovation, particular services specialisation, availability of services, extensive branch network (locally and internationally), awareness of local business environment and relevant industry expertise.	As above.

Table 3.1 The bank selection criteria for business customers (continued)

Author(s)	Country and Sample	Results	Limitations
Channon (1986)	USA and Europe, sample of Multinational companies, subsidiary companies in US and Europe and middle market accounts in UK.	Important selection criteria for USA "MNCs" are having a global branch network, officer knowledgeable in international services, have a domestic lead bank, efficient in international operating services, high quality foreign exchange service, provide most foreign credit needs, have specialists in wide range of international services, able to meet multi-currency borrowing needs, competitive pricing, efficient in international money transactions, reputation and strong international cash management services (some variation exists in order of these criteria for European MNCs). Important selection criteria for USA subsidiary companies in Europe are high quality operating services, flexibility in services, high quality in foreign exchange services, provide most credit needs, efficient in international money transfer services, have officers knowledgeable in international services, attractive pricing, global branch network, knowledge of US financial conditions innovative and reputation. Important selection criteria in selecting a lead bank for UK middle market accounts are provide most services, price competitive, understanding, prompt services, efficient in international money transfer, knowledgeable of the industry and international financial services, have global branch network and have used them before.	- Depending on importance and ignoring dissimilarit

Table 3.1 The bank selection criteria for business customers (continued)

Author(s)	Country and Sample	Results	Limitations
Buerger and Ulrich (1986)	USA, a sample of 129 small business in Pennsylvania	The factors considered important in choosing a bank for small business customers are: responsiveness to credit needs, interest rates charged, knowledgeable personnel, reliable source of credit, location nearby, cost of services, range of services provided, personable employees knowledge of the business, size of the financial institution, locally owned and managed and hours match the customer schedule.	- Depending on importance and ignoring dissimilarity.
Schlesinger et al (1987)	USA, a sample of 174 small business in New York.	The most important factors in selecting a bank for small business companies are interest rates on loans, ease of borrowing, full service availability, interest rates on deposits, personal relations, speed, location, bank personnel, safety of the bank, local ownership.	- Depending on importance and ignoring dissimilarity. - Ignoring important aspects of the issue by only ask about the first three important factors.
Rosenblatt et al (1988)	Canada, a sample of 170 financial officers of large corporations	The important selection criteria are: Efficiency of service, reliability of service, responsiveness of contact person, service delivery, speed of response, quality of information and advice, accessibility of contact person, financial strength, cost of service, good relationship with contact person, recognition of your financial needs, consistency in contact person, wide range of cash management service, technological advancements, expertise in cash management, innovation in services, knowledge of your company and industry, contact with senior headquarter, reasonable collateral security requirements, broad range of specialised services, long standing relationships, availability of credit, willing to take risk, wide range of international banking service, convenience location, quick turnaround on loan applications, consulting services, good salesmanship.	- Depending on importance and ignoring dissimilarity.

Table 3.1 The bank selection criteria for business customers (continued)

Author(s)	Country and Sample	Results	Limitations
Teas (1988)	A qualitative methodology, 30 telephone depth interviews with the executive responsible of company-bank interface.	The results show that the most important aspects of the perceived quality from the business customers point of view are: responsiveness and accessibility, familiarity with customers needs, flexibility, providing information, stable relationship, bank values its customers. In general he conclude that that functional quality issue is more important than the technical ones.	- The used telephone interviews, which might be unsuitable methodology for such a study.
Turnbull and Gibbs (1989)	South Africa, a sample of 171 different sizes companies, of them only 38 companies were classified as small business.	The important selection criteria for small business customers are: quality of services, quality of staff, pricing, relationship with the manager, availability of finance, speed, innovation, reputation and convenience.	- Depending on importance and ignoring dissimilarity. - Small size of the sample of the small size companies.
Chan and Ma (1990)	Hong Kong, a sample of 96 corporations.	The important criteria in selecting a new main bank are: operational efficiency, provision of finance, pricing policy, fees and commissions, expertise of staff, reputation, foreign exchange spread and image.	- Depending on importance and ignoring dissimilarity. - Overlapping between some criteria like image and reputation.

Table 3.1 The bank selection criteria for business customers (continued)

Author(s)	Country and Sample	Results	Limitations
Prince and Schultz (1990)	USA, a sample of 508 wealthy small business of a Varity of industries.	The small business customers' preferences of their banks could be presented in a pyramid format, which consists of five main levels from bottom to top. At the bottom confidentiality then attentive professional personnel, provider of business advice, local presence and at the top single source of services.	- Depending on importance and ignoring dissimilarity
File and Prince (1991)	USA, a sample of 582 small size company	The criteria for bank selection are: discretion of the bank, cost, confidentiality, involvement in community services, support in managing the business, professional personnel, personal referrals, responsiveness to enquiries, convenience of location, recommendation of others, attention to the personal needs, personal attention, single source of all services, advertising, reputation, innovation in services, range of services offered, investment performance track record, financial conditions of the institution, clarity and accuracy of statements, deposit insurance, size of the financial institution, specialised service provider and customised investment services	- Depending on importance and ignoring dissimilarity. - Overlapping between number of criteria, like personal attention and attention to personal needs, also the range of services offered and single source of all services.

Table 3.1 The bank selection criteria for business customers (continued)

Author(s)	Country and Sample	Results	Limitations
Zineldin (1995)	Sweden, a random sample of 179, different sizes, companies, of them 90 were small size companies	The major criteria in selecting a principle bank are: high trust, price competitive on loans, high ability of adaptations, close contacts with bank manager, fast speed in processing transactions, advice and additional services and close contacts with other staff.	- Presenting overall results of the large, medium and small size companies ignoring their differences. - Depending on importance and ignoring dissimilarity.
Nielsen et al (1995)	A sample of 384 business firm of which 115 were small business.	The most important factors in selecting a bank from the small business customers point of view are meeting credit needs, convenient location, service delivery, personal relationship, financially healthy, competitive prices, long term relationship, make decisions quickly, efficient operations, knowledge of business, community reputation innovation, below market rates, recommendation.	- Depending on importance and ignoring dissimilarity. - Ignoring important aspects of the issue by only ask about the first three important factors.
Edris and Almahmeed (1997)	Kuwait, a systematic sample of 304, different sizes, companies.	The determinant criteria in bank selection decision were: size of the bank, efficiency of personnel, help in financial emergencies, banking expertise, friendliness of staff, reputation, communication with staff, knowledge of firm's business, prompt provision of service, availability of branches abroad, reliability of staff, availability of information, inter-branch facilities, advice availability, innovative services, safety of funds, range of services, convenience of location, fees/interest charges on loans, Kuwait ownership, hours of operation, parking areas and facilities, attractiveness of branches, Islamic banking practices, lending policy, interest on deposits and effective advertising.	- Presenting an overall results of the three segments at the same time (large, medium and small) ignoring their differences.

Table 3.1 The bank selection criteria for business customers (continued)

Author(s)	Country and Sample	Results	Limitations
Mols et al (1997)	Europe, a sample of 1129 large size companies in twenty European countries.	Important selection criteria for a domestic cash management bank are: service quality, pricing, relationship, level of commitment, technology, bank rating, branches network, reputation, and as a compensation of other services.	- Depending on importance and ignoring dissimilarity. - Overlapping of some factors such as service quality, technology and level of commitment, also reputation and bank rating.
Tyler and Stanley (1999)	UK, qualitative work on bank-corporate relationship depending on 7 pilot interviews and 16 in-depth interviews with large corporate customers.	Corporate customers divided their desire of quality into technical and functional elements. Technical elements include minimal mistakes, high knowledge of the employees, timely action in the delivery of service, ability to carry out instructions without reference back to the customer and effective correction of mistakes. The functional factors included productivity on the part of the bank, trust, genuine partnership, willingness to communicate honestly, ability to understand customers needs and high-level customer knowledge. While expectations for technical factors were high but equivocal and comparative, expectations for functional factors were far more rigorous.	- Short interviews with the corporate customers might result in ignoring some of the other important aspects of the corporate-bank relationship

* The number of respondents

From the previous table one can infer a number of conclusions:

1- A large number of criteria had, almost, been mentioned in every study. For example speed of the decisions, price/cost (including charges, fees, commissions. credit interest rates, debit interest rates and coverage percentage) and reputation.

2- In general the ranking of the selection criteria seems to place more emphasis on the technical dimensions like availability of credit interest rates and fees (output) and less emphasis on the functional dimension like courteous, friendly and polite staff (the process) (Turnbull 1984a; Schlesinger et al 1987; Turnbull and Gibbs 1989; Chan and Ma 1990; Mols et al 1997).

3- Offering a complete range of services appears to be a very important factor in the bank selection decision, since it was mentioned in a number of studies as well as being ranked high in importance (Turnbull 1984a; Channon 1986; File and Prince 1991; Edris and Almahmeed 1997)

4- Innovation and offering new/modern services seems to be an important factor in the selection decision (Turnbull 1984b; Turnbull and Gibbs 1989; File and Prince 1991; Edris and Almahmeed 1997).

5- Most of the previous researches had emphasised on the element of understanding the special needs of the customer as well as the importance of bank awareness of the industry and business conditions (Turnbull 1984a; Turnbull 1984b; Channon 1986 {only for middle market accounts}; File and Prince 1991; Edris and Almahmeed 1997).

6- Having a relationship or close contact with the bank manager or a key contact officer appears to be relatively important, especially for small business customers (Rosenblatt 1988; Teas1988; Turnbull and Gibbs 1989; Zineldin 1995; Edris and Almahmeed 1997).

7- Recommendations of others do not seem to be important, since it was only mentioned in one study-File and Prince (1991).

8- Branch network, both locally and internationally, as well as location convenience are among the highly rated criteria in the bank selection decision (Turnbull 1984a; Turnbull 1984b; Channon 1986; Turnbull and Gibbs 1989; File and Prince 1991; Edris and Almahmeed 1997; Mols et al 1997).

9- Personal characteristics of the bank staff (friendly, listening, understanding trustworthiness etc.) are considered important in the selection decision (Turnbull

1984a; Channon 1986; Turnbull and Gibbs 1989; Chan and Ma 1990; File and Prince 1991; Edris and Almahmeed 1997).

10- The factor of experience is not considered important in the selection decision, since it is mentioned only one time-in Channon's (1986) study on middle market accounts.

11- Although reputation, as an output of the branding process, was highly important the "brand" itself does not seem to have any effect on the bank selection decision for business customers, since it was not mentioned in the previous studies at all.

Some of the above points, generated from the results of the previous research, could be subjected to heavy debate, as was mentioned before, for example most of the studies had come up with results that appear to confuse between criteria from the pre-purchase stage as well as criteria from the post-purchase stage. In another example, one could argue that although the brand does not seem to have any impact on bank selection decision, it is arguably among the highly important selection criteria for small business customers. This suggested importance is not for the value of the brand itself but for the message it transfer to the customers' minds about the experience and credence criteria they can not evaluate in the pre-purchase stage as these criteria are considered very important in the selection decision (Zeithaml, 1997). Parasuraman et al (1985, P42) emphasised this idea, when they argued that "*In the absence of tangible evidence on which to evaluate quality, consumers must depend on other cues. The nature of these other cues has not been investigated by the researchers*".

3.4   Personal Customers' Bank Selection Criteria

The literature on the personal customers' bank selection criteria had been conducted across different segments of customers and in different countries. This made Kennington et al (1996) conclude that a list of four "Universal" selection criteria could be developed. These four universal selection criteria are: reputation (image, institutional stability, continuity and corporate soundness), price/cost (interest on saving accounts, loans and services charges policy, competitiveness and fair rates), convenience (convenience, location and evening banking hours), and service (quick, polite, friendly, courteous service, concerned management, personal recognition and attention, tellers who smile, feeling at home, reliability and efficiency in completing

transactions). The general comments regarding the researches on business customers' bank selection criteria are also applicable to the personal customers' researches. In other words, investigating the present customers and asking them about their past selection criteria, the confusion between the pre- and post-purchase criteria, the multiplication of the level of importance by the level of dissimilarity in order to determine the determinacy power of the criteria, no evaluation for the reliability and validity of the instrument, no conceptualisation with pilot studies and no cross national researches comparing different countries in different stages of economic development.

The results of the bank selection criteria research conducted on the personal customers are summarised in table (3.2). These results suggest a number of similarities and differences with the business customers' results as follows:

1- Like the business customers, the criteria of interest rates, charges, fees, speed of the service and reputation enjoy a higher level of importance in the decision of bank selection.

2- Functional quality seems to enjoy a higher level of importance compared to the technical quality in contrast with the business customers.

3- Unlike the business customers, criteria like availability of parking facilities, short queues, availability of ATM, convenience of opening hours and recommendations of others seems to have higher evaluation by personal customers.

4- Personal characteristics of the banks' staff seem to enjoy a higher importance level in bank selection for personal customers compared to the business customers.

5- Finally just as for the business customers the brand does not seem to have a high impact on the selection decision, although the reputation does.

After reviewing the literature on selection criteria on both the business customers as well as the personal customers' level, this research needs to capture the Egyptian business customers point of view as it is a main step in building a framework for the selection criteria that is applicable in both countries and not based on imposing certain views but on deriving those views to reflect what is there in the environment, as will be explained in detail in chapter four.

Table 3.2 The bank selection criteria for personal customers

Author(s)	Country and Sample	Results
Anderson et al (1976)	USA, a systematic random sample of 466 unit.	The results show that there are two main clusters in the sample, convenience oriented bank customers and service oriented bank customers. The over all selection criteria for the total sample were: recommendation by friends, reputation availability of credit, friendliness of the staff, service charges on checking accounts, interest charges on loans, location, overdraft privileges on checking accounts. Full services offering, parking, hours of operation, interest payments on saving accounts, special services for youth, special services for women and new account premiums or gifts.
Martenson (1985)	Sweden, a sample of 558 unit from a telephone listing	The main reason behind their decision of bank selection were random decision, salary being transferred their, good services, loan agreement, parents decision and friends recommendation, the bank staff and convenience services and ATM.
Laroche et al (1986)	Canada, a sample of 142 unit from a telephone directory.	They reviewed the issue and conduct a survey, concluding that the determinate selection criteria are: friendliness of the staff, hours of operations, size of waiting lines, convenience of location, efficiency of personnel, speed of processing items, parking facilities and access, availability of credit, bilinguals of staff and interest on savings.
Erole et al (1990)	Jordan, a sample of 434 unit (of which 237 customers of conventional banks and 197 customers of Islamic banks)	The criteria of bank selection for the conventional customers are: confidentiality, bank's reputation and image, fast and efficient services, friendliness of staff, lower interest on loans, availability of credit, confidence in bank manager, location, parking availability, higher interest on payments, overdraft privilege, financial consulting, mass media, external appearance, interior comfort and recommendation of friends.

Table 3.2 The bank selection criteria for personal customers (continued)

Author(s)	Country and Sample	Results
Denton and Chan (1991)	Hong Kong, a quota sample of 120 multiple bank users.	The criteria for choosing another bank are: get credit card, reduce the financial risk, increase the number of automatic tellers at disposal, to be able to benefit from the high quality services in each bank, to be able to benefit from the different rates on accounts offered by different banks, holding more than one ATM card, holding more than one credit card, to diversify the deposits, recommendation of friends.
Leonard and Spencer (1991)	USA, a sample of 104 student, both undergraduate and postgraduate.	The attributes determine whether the bank is providing a good service are: courteous personnel, higher interest rates, innovative products, availability of credit, have modern facilities, easy to access and park and have a wide range of services.
Kaynak et al (1991)	Turkey, a sample of 250 households.	They concluded that there are some differences on ranking of the attributes according to characteristics such as age, gender, education, degree of using the bank, employment, loyal and non loyal customers, and type of ownership of the bank. The overall banking selection criteria, in no order, were: mass media advertising, bank reputation and image, banking hours, parking facilities, offer a wide range of facilities, recommendation of a friend, friendliness of the staff, knowledge of the bank personnel, convenient location, fast and efficient services, interest rates, availability of credit, offer the service of bills paying and financial consulting services offered.
Khazeh and Decker (1992-1993)	USA, a sample of 209 units.	The determinate criteria in selecting a bank are: service charges, reputation, interest charges on loans, quick loan approval, friendly tellers, interest on savings, prompt loan approval, convenient hours, availability of ATMs, several branches, one stop banking, overdraft protection, close to work and/or home, insured deposits, advice availability and effective advertising.

Table 3.2 The bank selection criteria for personal customers (continued)

Author(s)	Country and Sample	Results
Lewis et al (1994)	UK, a sample of 147 student.	They concluded that the features affecting the service quality are: accurate statements, employees trustworthy, knowledge of service, feeling safety, solve quires quickly, efficient transaction, understanding written communication, up to date equipment, smart and tidy employees, convenient opening hours, good access to account information, convenient location, clear explanation of services, response to customer needs, wide range of services, branch visually appealing, short queues, stationery visually appealing, customer confidentiality, pays in funds as promised, understandable advice, respect from employees, private facilities for discussion, manager approachable, forms easy to understand, quick loan decision and arrangements over the phone.
Boyed et al (1994)	USA, a sample of 161 unite.	They concluded that the important financial institutions selection criteria are: reputation, interest on saving accounts, interest charged on loans, quick service, location, hours of operations, availability of current accounts, friendliness of the staff, modern facilities and drive in service.
Yen and Tom (1994-1995)	USA, a sample of 304 Americans originally from China	They defined the important bank selection criteria for the Chinese immigrants to USA as: efficiency of the service, bank reputation, courteous staff, bank fees, convenient location, complying with the FDIC insurance plan, interest rates on saving and loans, Variety of services offered, ease of obtaining a loan and size of the bank.
Thwaites and Vere (1995)	UK, a convenience sample of 324 student	They concluded that the ten most important influences on the choice of supplier are: proximity of ATM to college, free banking, overall student offer, charges payable, size of the ATM network, overdraft size and availability, fast and efficient services, proximity of branch to collage, interest charges on borrowing and range of services offered.

Table 3.2 The bank selection criteria for personal customers (continued)

Author(s)	Country and Sample	Results
Hegazy (1995)	Egypt, a convenient sample of 400 clients to Islamic and commercial banks.	The important selection criteria for commercial banks are: efficiency of personnel, rate of return offered, speed, easy access, parking, proximity to home/work, knowledge of the staff, credit availability, friends recommendation, TV advertising, internal design and comfort, relatives recommendations, overdraft privilege, serving the community, friendliness of the staff, magazine advertising, bank architectural design, prior experience and bank name.
Kennington and Rakowska (1996)	Poland, a sample of 214 unit	The selection criteria of all types of respondents were: reputation, rates (price/cost), convenience, services, conditions and terms, family or friend influence, state treasury guarantee and being a national bank.
Yavas and Shemwell (1996)	USA, a sample of 364 unit.	They concluded that the variables considered important in banking competitiveness are: trustworthy employees, error free services, skilful employees, prompt services, courteous and friendly, understand customers needs, up to date technology, high interest rates, convenient location, offering ATMs, having good drive in facilities, convenient hours, offering new services, being safe, doing a lot of advertising, low mortgagee rates, helping the community, employees explain the services, accurate statements, telephone banking and offering overdraft on the current account.
Zineldin (1996)	Sweden, a random sample of 268 unit from a telephone directory.	He conclude that determinants of bank selection are: friendliness of the staff, accuracy, efficiency in correcting mistakes, availability of loans, speed of services, charges, opening hours, interest rates on loans, flexibility of loans agreements, interest on savings, safety, high technology services, convenient location, offer enough details, reputation, offer full services, interesting advertising and offer new services.

Table 3.2 The bank selection criteria for personal customers (continued)

Author(s)	Country and Sample	Results
Ulengin (1998)	Turkey, a sample of 658 unit.	He define the important criteria in bank selection decision as: having loyalty programs, being proactive reminder, availability of ATM, less waiting time, ease of opening accounts, being customer-ship, having check book, be able to use other bank's ATMs, high interest, phone banking, pricing, credit limit, having single card, cost of transactions, monthly statements, investments advice and credit evaluation.
Ta and Har (2000)	Singapore, a sample of 176 undergraduate students	The Singaporean undergraduate students' bank selection criteria are: high interest rates, convenient location, overall quality of the service, availability of self-banking facilities, charges of the services, low interest rates on loans, long operating hours, availability of undergraduate privileges and recommendation by parents and friends.

3.5 The First Exploratory Pilot Interview Results

After reviewing the literature on the selection criteria, mainly done in western countries, and in order to come up with the Egyptian small business' perspective about the criteria that is used in taking the decision of bank selection (Emic view) that could help in conceptualising the bank selection criteria of small business customers in the two countries (the Emic and Etic issue will be discussed in chapter 6), the researcher conducted the first exploratory pilot interviews with the Egyptian small business customers.

This study takes the form of semi-structured personal interviews with the small business owner manager, asking them about four main issues: the main bank services used by the company; the main important characteristics of each service; the degree of satisfaction with the services; and the overall bank selection criteria.

The results of the exploratory pilot interviews are summarised in table (3.3) followed by a discussion about the main conclusions of these interviews.

Table (3.3) Egyptian exploratory pilot interview results

Company and activity	Services used and its important Characteristics	Bank selection criteria
Company A (whole seller* and retailer** of religion tourism to the Holy Land in Saudi Arabia), and Company B Tourism company (retailer of religion tourism)	- Current accounts (location convenience and speed). - Letters of credit (guarantee) (fees, understanding the specific nature of the letter and coverage percentage). - Money transfer (speed and correspondents network).	Location convenience, existence of a key contact officer (responsible of all of our operations), reputation of the bank, offering all services, understanding and friendliness of the staff, accuracy and speed of the services, and cost of the services.
Company C Navigation Company (owner and agent of people and cargo cruiser)	- Letters of credit (understanding of the employee of the specific nature of the company operations and percentage of coverage). - Money transfer (speed and cost) - current accounts (speed of clearing)	Quality of the services, bank's staff understanding and reputation of the bank.

Table (3.3) Egyptian exploratory pilot interview results (continued)

Company and activity	Services used and its important Characteristics	Bank selection criteria
Company D (manufacture, assembler as well as importer of different brands of lighting units)	- Documentary credit (speed and staff understanding of the nature of the market). - Current accounts (clearing bank	Speed and accuracy of the service, cost, offering full services and staff understanding of the nature of the market.
Company E (exporting and importing medicine and pharmacological products).	- Documentary credit (coverage percentage, speed, and staff understanding of the specific nature of the business. - Money transfer (speed, and wide network of correspondents) - Current accounts (speed)	Offering all services, availability of finance, understanding of the staff, existence of a key contact officer, size of the bank.
Company F (stocks and bonds brokerage in the Egyptian stock exchange market)	- Letters of credit - Current accounts.	According to the Egyptian regulations we are forced to deal with on of two Public owned banks that having no differences.

*Selling tickets only to other tourism companies, which in turn resell it to the customers.
**Selling tickets directly to the customers.

Justification of the methodology adapted in this exploratory pilot interview will be presented in detail in chapter four, where the research framework is discussed. Based on the previous presentation, a number of conclusions could be drawn:

1- All of the interviewed companies are not satisfied with their banks, but they retain their banks, since according to one of the interviewee's view *"That is the best they can get"*.

2- Two main criteria seemed to be extremely important to the small business customers in the Egyptian banking market. They are the staff understanding of the specific nature of the industry or the company and the existence of a key contact officer that will be responsible of all the company's operations with the bank, since these companies are multi-services users.

3- The criteria of "offering a whole range of services" seems to be extremely important to the Egyptian small business customers, as it seems that a number of

branches do not offer the whole range of services needed, so the customer might have to use another branch of the bank or another bank in order to have this service.

4- Although a number of the interviewee companies raise the problem of clearing banks, i.e. clearing cheques take a long time, it seems that the banks are not totally responsible of the delays, since it could be considered as one of the financial system disadvantages, not relating to a specific bank.

5- The technical quality dimension seems to enjoy greater importance compared to the functional quality dimensions in most of the cases.

6- In general the Egyptian economy is still characterised with a high tendency to deal with currency notes. That is why some companies are more interested in a convenient location.

The previous preliminary results provide evidences of some differences as well as similarities between both countries. The Egyptian small business might differ from the western small business as they attach higher level of importance to criteria like branch network and location convenience due to the greater tendency in using currency notes as a method of payment compared to other methods. The results also show greater emphasis from the small business customer on selecting a bank that offers a complete range of services, as this might not be the case in a number of banks working in the Egyptian banking market. Personal characteristics of the bank's staff seem to have a lower level of importance for the Egyptian small business customers. Finally the Egyptian small business customers emphasise the criteria of the understanding of the bank staff as they saw them sticking rigidly to the rules with no flexibility for specific needs. On the other hand these results show similar conclusions compared to the western literature. A support to the argument suggesting superiority of technical quality over functional quality in the bank selection decision could be inferred and both the criteria of recommendation and previous experience show a lower level of importance.

3.6 The Service Quality Models

Quality of the service represents a main component of the selection decision as customers always try to purchase the services that are considered having a high quality, from their point of view, with regard to the time period, location and resources

they have at the time of purchase. On the other hand the research on selection criteria highlighted the importance of the outcome as well as the process aspects of choice, which might suggest that understanding the service quality models will be helpful in developing a framework for selection criteria.

In order to propose a framework that conceptualises the bank selection criteria of small business customers the financial needs had been explained, and the literature of the bank selection had been reviewed, followed by the results of the Egyptian exploratory pilot interview. In this stage the models of service quality, which represent a corner-stone in building such a framework will be discussed, since it is obvious, based on the previous literature review, that selection criteria and quality have many points in common (in fact this is one of the reasons behind trying to develop a conceptual framework of service selection criteria).

Gronroos (1990) defined quality as *"Is what customers perceive"* and Lewis and Booms (1983) define service quality as *"A measure of how well the service level delivered matches customer expectations"*. A lot of models tried to measure the service quality, but three basic models could be recognised as it had been adapted by most of the researchers in the area of service quality. These three main models are:

- SERVQUAL model developed by Parasuraman et al (1985; 1988; 1991). In 1985 they provided a list of ten dimensions of service quality as a result of their focus groups studied with service providers and customers. Later they found a high degree of correlation between on the one hand communication, competence, courtesy, credibility and security and on the other hand between access and understanding. By 1988 they used five dimensions as a basis for their service quality measurement instrument, and in 1991 they made some modification in the wording and items included in the instrument. Figure (3.1) presents the final draft of the instrument, which captures the criteria used in judging the level of service quality.

- Gronroos (1984; 1988) introduced his model of service quality. He argues that service quality has three main dimensions that are technical, functional and image dimensions. The technical dimension is related to what the consumers receive as a result of the interaction with the service firm "the outcome". The functional dimension is related to how the customer gets the technical outcome functionally "the process". The image dimension, which is expected to be built up mainly by the technical and functional dimensions of service quality plus other factors which

also influence the image but they are normally less important. He highlighted that the functional dimension of the service quality is more important to the customer than the technical quality, at least as long as the technical dimension is on a satisfactory level. In fact some temporary problems with the technical quality might be excused if the functional quality was good enough. In 1988 he introduced his six criteria of good perceived service quality. Figure (3.2) presents his six criteria model of service quality (the items of the model had been inferred from the model itself).

- Lehtinen and Lehtinen (1991; 1996) introduced in 1991 their model of service quality, arguing that the service quality has three dimensions. The first dimension is the physical quality, which originates in the physical elements of the service, i.e. the physical product (goods consumed during the service), and physical support (the framework that facilitates the production of the service, like the equipment, the layout...etc.). The second dimension is the interactive quality, which originates in interaction between the customer and interactive elements of the service organisation, i.e. interactive equipment, and interactive person. The third dimension is the corporate quality, which is developed during the history of the service organisation. In 1996 they reinvent their model arguing that the three dimensions should be divided into 12 items, and these items have sub-items. Figure (3.3) presents their reinvented model (the sub-items of the model had been inferred from the model itself).

Service quality models had been under heavy investigation since the first time they had been presented (for more information see for example: Buttle 1996; Johnston 1996; Dion et al 1998; Lewis 1993; Bahia and Nantel 2000). But there are two main problems with the adoption of these models in the context of selection criteria, firstly to the banking organisation and secondly to the business customers.

The first problem when adopting these models on the context of selection related to the application of these models to the banking organisations, and to some other business organisations. The service quality models had missed a very important item in the instruments, which is the offering of a complete range of services, as indicated by a number of previous studies on selection criteria (Turnbull 1984a and 1984b; File and Prince 1991; Edris and Almahmeed 1997), as well as the exploratory pilot interviews. As for most of the service organisations the factor of availability of a complete package of services is a very important factor in evaluating the quality of a

service, or in fact the quality of the service provider. For example one can expect the quality of a restaurant to be less if it offers only foods without any type of drinks that could be consumed with the food. On the same line in banking organisations availability of a complete range of services is one of the important factors in judging the quality offered by that bank.

The second problem is related to the application of service quality models to the business customers. Since these models are over-emphasising the importance of functional quality and under-emphasising the importance of technical quality, although it is very well documented in the literature that the business customers depend more, compared to personal customers, on the objective criteria and rational motives in making their evaluation of service quality and buying decisions O'Shaughnessy (1992), Ennew and Binks (1996b) demonstrated that the technical quality measure has the largest impact on small business customers defections from their banks.

By reviewing these models of service quality, a main component of the selection criteria had been explained, as the empirical work on selection criteria shows the importance of quality issues in bank selection. Although one might argue that the quality is judged after purchase, where enough information is available, selection is made pre-purchase where there is little or no information available to help in evaluating criteria related to experience and credence criteria (Zeithaml 1997; Gabbott and Hogg 1997). But the importance of quality-related criteria is not reduced in the selection stage but the means to be used in evaluating it will differ, as the customers will depend on trial, observation, others' experience or the brand in evaluating such criteria (Gabbott and Hogg 1997) rather than their own actual experience.

3.7 The Small Business Customers' Bank Selection Criteria Framework

In this section the suggested framework that defines the small business selection criteria will be discussed. This suggested framework is based on a number of theoretical and empirical foundations, which are: the service quality models, the Moller and Laaksonen (1984) model of industrial buyer selection criteria, the literature review for all empirical researches on the bank selection criteria issue, and the results of the exploratory pilot interviews with the small business customers in Egypt.

Figure (3.1) SERVQUAL Dimensions, Parasuraman et al (1991)

- Tangible
1- The Organisation has modern-looking equipment.
2- The Organisation's Physical facilities are visually appealing.
3- The Employees are well dressed and neat appearing.
4- The materials associated with the service are visually appealing.

- Reliability
5- The Organisation performs what it promises by its time.
6- The Organisation shows a sincere interest in solving any problem.
7- The Organisation performs the service right from the first time.
8- The Organisation provides the service by the promised time.
9- The Organisation insists on error-free records.

- Responsiveness
10- The employees tell the customer exactly when the service will be performed.
11- The employees offer prompt services.
12- The employees are willing to help customers.
13- The employees are never too busy to respond to your request.

- Assurance
14- The employees' behaviour instils confidence in customers.
15- The customers feel safe with the transaction.
16- The employees are consistently courteous with the customer.
17- The employees have the knowledge to answer any question.

- Empathy
18- The Organisation gives individual attention.
19- The Organisation's opening hours is convenient.
20- The Organisation has employees who give you personal attention.
21- The Organisation has the customer best interest at the heart.
22- The employees know your specific needs.

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Figure (3.2) Service Quality Dimensions, Gronroos (1988)

- ## Professionalism and Skills *(outcome- related)*
  1- The service provider has the knowledge and skills to solve any problem.
  2- The employees have the knowledge and skills to solve any problem.
  3- The operational system has the ability to solve any problem.
  4- The physical resources have the ability to solve any problem.

- ## Attitudes and Behaviour *(process- related)*
  5- The employees are concerned about the customer
  6- The employees are interested in solving the customer's problems.
  7- The employees are friendly and spontaneous.

- ## Accessibility and flexibility *(process- related)*
  8- The service provider is flexible in responding to the demands of customers.
  9- The service provider location is convenient.
  10- The service provider opening hours is convenient.
  11- The employees are ready to adjust to the customer demands.
  12- The operational system is flexible in responding to the demands of the customers.

- ## Reliability and Trustworthiness *(process- related)*
  13- The service provider and its system could be relied on.
  14- The employees keep promises.
  15- The employees perform with the best interest of the customer.

- ## Recovery *(process- related)*
  16- The service provider reacts to any circumstances in a fast and efficient way.
  17- The employees react to any circumstances in a fast and efficient way.

- ## Reputation and Credibility *(image- related)*
  18- The service provider and its operational system could be trusted.
  19- The service provider gives adequate value of money
  20- The service provider stands for good performance and value.

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Figure (3.3) Service Quality Dimensions, Lehtinen et al (1996)

- ## Physical Quality

1- Tangibles
- Appropriate physical product.
- Appropriate physical support (facilitating equipment).

2- Accessibility
- Convenient location.
- Convenient opening days.
- Convenient opening hours.

- ## Interactive Quality

3- Responsiveness
- Willingness to help customers.
- Providing prompt service.

4- Behaviour
- Friendliness of the employees.
- Politeness of the employees.
- Respect of the employees to the customer.
- Consideration of the employees to the customer.

5- Communication
- Keeping the customer informed in an understandable languish.
- Listening to the customer.

6- Understanding
- Understanding the personal (special) needs of the customer.

7- Reliability
- The ability to perform the promised service dependably.
- Accuracy in performing the service.
- Confidentiality in performing the service.

8- Professionalism
- The service provider has the appropriate skills and knowledge.

9- Timeliness and Speed
- The service provider respond to the customer needs promptly.

10- Recovery
- The service provider reacts efficiently to the circumstances.

- ## Corporate Quality

11- Corporate and Local Image
- The reputation of the Organisation and its units.
- The reputation of the Organisation's services.

12- Assurance
- The service provider is trustworthiness.
- The service provider is a free of danger organisation.

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Before presenting the proposed framework, six main points should be emphasised. These six points offer more support to the foundation of the suggested framework, as they present arguments that have a direct impact on the formulation of the framework as follows:

1- Thunman (1992) studied corporate banking services and relationships. He concluded that *"Banking business is not only a discrete decision based on the attractiveness of the financial supplier's offer. Indeed it is often a part of a long-term commitment between a banking firm and its customer, irrespective of the latter's size"*. This remark suggested that the decision of bank selection by business is not the same as other selection decisions of business organisations and it suggests more importance should be attached to the element of relationship.

2- Venetis (1996) investigated the service quality dimensions of professional business services (some banking services offered to the business customers could be considered as professional services, like financial advisory services). He concluded that the customer quality perception of the professional business services is based on:

   a- The potential of the service provider.

   b- The technical aspects of the process by which the core service is performed.

   c- The interactive and relational aspect of the service delivery process.

   d- The immediate outcome of the service performance.

   e- The final result of this outcome.

   Although this model emphasises the business customers' perspective in service quality, which was among the main criticisms of the service quality models and of great importance to this research, the problem with it is that it did not explain the sub-dimensions under each of the previous five dimensions, i.e. it presented a general model, which needs details in order to measure its "operationalisational capabilities".

3- Smith (1989) investigated the relationship between small business customers and their banks. She concluded that there are four main areas, which are considered very important in the choice of a bank to build a relationship with and could cause customer dissatisfaction. These four main areas are; bank personnel, the organisation and structure of the clearing banks, pricing policy, and the product offering.

Again this work is of great importance to the development of a bank selection criteria framework for small business customers as it emphasises the general factors that need to be emphasised for small business customers. The problems with this argument are that it did not define the sub-elements underlying each main-element, just as in the Venetis's (1996) model. It did not investigate other important elements for small business customers, for example, the physical element of quality and the interactive and relational element between the bank and its business customer.

4- Ulengin (1998) examined the personal customer preferences in banking. He builds a model that he argues represents the "structure of bank selection decision". The suggested model consists of three main factors and number of items under each factor. The factors and the items are:

    a- Product mix: cash management account, high interest above threshold, single card, single credit limit, transaction cost, account links, credit evaluation, investment products, monthly statements and cheque-book.

    b- Delivery channels: bank customership, phone banking, ATM availability, ATM functionality, cash withdrawal from other banks ATMs, waiting time and single stop transaction.

    c- Customer relationship: pricing, loyalty programs, investment advice, account opening, premium customership and proactive reminder.

Although this model tried to define the main factors that are evaluated before selecting a bank, which has a similar purpose to this research, the problem with it is that it is not complete, as it overpasses a number of important factors especially the functional dimension of the quality, which could not be overlooked, as it only emphasised the output dimension.

5- Cunningham and White (1973-1974) in their attempt to study the factors determining the purchase behaviour of capital goods emphasised Wind's (1966) model, in which he argue that in general the industrial buyer's decision is determined by five groups of factors:

a- Personal motivation.

b- Interpersonal influences from other organisational members in the company.

c- Organisational variables (like authority, rewards, etc).

d- Inputs of information from source of supply.

e- Economic and competition variables.

Again this model tried to explain the general factors influencing the selection decision of the industrial buyer, which is similar to what this research is trying to investigate, but the problem with this model is that it was mainly created for the "goods market" so it overlooked a number of factors that are important in the service market and may be less/not important in the goods market, like the qualities of the service provider staff, the element of the relationship. Also this model is more applicable to the large size corporations, since it emphasised the element of the organisational variable and interpersonal influences from other organisational member in the organisation.

6- Finally Bradley (1995) presented Moller and Laaksonen's model (1984) of buying stages and purchasing criteria in industrial markets. The industrial buyer purchasing criteria in this model consists of four main groups of factors, which in turn divided into sub-factors. These factors and sub-factors are:

    a- Product criteria:

        - Technical capabilities.

        - Performance capabilities.

        - Services and maintenance requirements.

        - Price.

    b- Supplier criteria:

        - Marketing capacity.

        - Financial strengths.

        - Services and maintenance capabilities.

        - Technological capabilities.

        - Distribution and delivery capacity.

    c- Transaction criteria:

        - Legal complexity.

        - Transaction convenience.

    d- Buyer-seller interaction:

        - Commitment.

        - Willingness to adapt.

        - Conflict and co-operation behaviour.

        - Risk and benefits of co-operation.

This model is the only model, to the researcher knowledge, which tried to conceptualise the selection criteria. The problem with it is that it is only applicable

to the goods market, not the service market, since it overpasses factors like the qualities of the service provider staff and the quality of the physical elements of the service organisation. These factors are important in service market and may be less important in the goods market.

Based on the previous discussion figure (3.4) presents the suggested framework of the small business' bank selection criteria. This framework divides the small business' bank selection criteria into two main dimensions, quality and interaction. It should be noticed that up to this stage the researcher does not argue about which of them, quality or interaction, is more important than the other. In fact these two dimensions should be integrated together in order to influence the bank selection decision. This framework could be better understood by emphasising the following four points about its design:

1- The conceptual framework of the small business' bank selection criteria is divided into two main dimensions (Quality and Interaction). This classification is mainly based on the work of Moller and Laaksonen (1984), which explained that selection criteria could be divided into four groups of criteria: product, supplier, transaction and buyer-seller interaction criteria. The first three groups of criteria in the industrial markets are regrouped under the quality dimension in the service market. As the service quality models include all these items, in addition to others but it does not emphasise items related to relationship between the customers and their banks (Parasaraman et al 1991; Gronroos 1988; Lehtinen et al 1996). The fourth group of criteria had been separated in a dimension by itself (Interaction), as the literature on selection criteria suggests such importance to this dimension (Turnbull and Gibbs 1989; File and Prince 1991; Zineldin 1995; Edris and Almahmeed 1997) and the results of exploratory interviews in both Egypt and the UK give support to such importance (as it will discussed in chapter four). Even Ulengin (1998) when developing his model of the structure of bank selection decision, separated the customer relationship as one of the three components of the model.

2- Unlike the service quality models that groups the items of service quality under three main dimensions technical, functional and image (despite the huge argument and counter-arguments in this area) the proposed selection criteria framework suggests different grouping of the quality-related items although it used the same measurement mechanism of the items with some amendments based on the literature on service quality (see section 3.6) and the results of the

exploratory pilot interviews in order to make it more tailored to the financial services organisations. This regrouping of the items into two new sub-dimensions, the quality of the service itself and the qualities of the service provider, rather than functional, technical and image, is based on two main reasons.

a- The functional, technical and image grouping in quality models is not suitable for selection criteria framework, since in quality models these items are judged after consumption of the service (post-experience or post-purchase) while in selection framework those items are judged pre-purchase. This pre-purchase judgement results in a lot of interference between technical, functional and image items, since most of the technical and functional items might be judged by their image (the way it is expected to be) as they are judged in a pre-consumption stage. This made the researcher differentiate between pre- and post-purchase items by emphasising the image side for the post-purchase items (items that are mainly judged after purchase).

b- The results of the two waves of the exploratory pilot interviews suggest that small business' bank customers do not see the quality issue on the selection decision in the way presented by service quality models (technical, functional and image) but in the way presented in Moller and Laaksonen (1984), i.e. product criteria and supplier criteria (in this case service's criteria and service provider's criteria). As the quality of the service provider might give support to the quality of the service in the decision of bank selection, while in quality assessment situations functional might give an excuse to technical failure (Gronroos 1984). For example one of the interviewees mentioned: *"Big banks definitely means good services"* i.e. qualities of the service provider give the main support here. In another example an interviewee explained that *"It does not matter what type of bank as long as it is going to offer me the services I need"* i.e. qualities of the service give the main support here. So it might be better to argue that in the selection decision the service provider's qualities might give support to the services' quality and vice-versa.

3- Interaction dimension in the suggested selection criteria framework is divided into three main sub-dimensions. Those are relationship, recommendation and experience. Those three sub-dimensions could find support in the literature of

selection criteria, of course not as sub-dimensions but as individual items in the list of selection items (Turnbull and Gibbs 1989; File and Prince 1991; Zineldin 1995; Edris and Almahmeed 1997, Moles et al 1998), as well as the results of the two exploratory pilot interview results (see sections 4.5). The reason for splitting those items into three sub-dimensions was a cognitive view of the researcher based on review of the literature and results of the exploratory interviews.

4- Although the literature suggests that it is difficult to divide criteria into two groups, one related to choice (pre-purchase) and the other related to satisfaction (post-purchase) as they always interact (Oliver, 1997), the customer in the decision to select a bank might have to depend on the brand as one of the means that will offer them information about the criteria, which could not be totally judged until consumption starts, experience and credence qualities (Zeithaml 1997), as the decision of bank selection is having a relatively high degree of perceived risk (Ennew and Mckechnie 1998). The criteria in the framework that could not be evaluated on the pre-purchase stage, i.e. mainly evaluated after purchase, are considered as image criteria that should depend on the brand to highlight its existence on the bank's offer to its small business customers. These criteria include for example image of accuracy, confidentiality, speed, doing it right from the first time, staff who are courteous, friendly, helpful, knowledgeable, skilful, trustworthy, understand the business and industry, clear communication from the bank, good complaint handling, the bank supports its customers in their difficult business time and has a long term commitment to them.

The important things about this framework are that it is a service oriented model, it tries to emphasise the specific nature of services, and it did not confuse between pre-purchase and post-purchase criteria, since the criteria that are mainly evaluated at the post-purchase stage and at the same time are important in the pre-purchase stage had presented in the form of its image not the actual criteria. So the customer mainly uses the brand (its signals role) to judge these criteria in pre-purchase stage and after purchasing he/she will be in a place to evaluate not the image (signals that had been send to him/her) but the criteria itself. This framework also differentiates between the technical, functional and image dimensions of quality, as suggested by Gronroos (1984), since the items of qualities of the service itself mainly represent the items of

the technical quality, and the items of qualities of the service provider mainly represent the items of the functional and image quality.

3.8 Conclusion

This chapter had ended with a suggested conceptual framework for identifying the small business' bank selection criteria. In order to develop that model, a number of issues had been raised, discussed and conducted. Firstly the issue of business customers' needs from their bank had been discussed, then the empirical researches on business customers' bank selection criteria were critically reviewed followed by a review of the personal customers' selection criteria. Then the results of the exploratory pilot study, conducted on small business customers in Egypt were presented, followed by a presentation of the issue of service quality models. Finally based on all the previous steps, the framework identifying the small business' bank selection criteria had been developed. This model divides the small business' bank selection criteria into two main dimensions, quality and interaction, which in turn divided into five factors, two related to quality (qualities of the service itself and qualities of the service provider), and three related to interaction (relationship, recommendation and experience), and each of these factors is divided into a number of items. The issue of pre- and post-purchase criteria had been emphasised and the criteria that are mainly judged after purchase were presented in its image format. The framework does not suggest, until this stage, that either quality or interaction is more important than the other. Rather it suggested that they should be integrated in order to gain a comprehensive understanding of what constitutes the small business customers' selection decision of a banks.

The next chapter will be the first chapter in the second part of this research, explaining the research design and developing the hypotheses, which will be tested through the third part.

Figure (3.4) The Conceptual Framework of the Small Business' Bank Selection Criteria

The Small Business' Bank Selection Criteria

Quality

Specific service's quality

- Charges
- Fees
- Commissions
- Credit interest rates
- Debit interest rates
- Collateral
- Coverage percentage
- Image of accuracy
- Image of confidentiality
- Image of speed
- Image of by promised time
- Image of from the first time

Qualities of the service provider

- **Human**
  - Image of friendly
  - Image of polite
  - Image of respect
  - Image of listing
  - Image of attention
  - Image of industry understanding
  - Image of business understanding
  - Image of skilful
  - Image of knowledge
  - Image of efficiency
  - Image of quick response
  - Image of willing to help
  - Image of show interest
  - Image of courteous
  - Image of trustworthiness
  - clear communication
  - Neat appealing
- **Physical**
  - Modern looking equipment
  - Facilities visually appealing
  - Associated materials visually appealing
- **Institutional**
  - Convenient location/opening days and hours
  - Modern (new) services
  - Complete range of services
  - Availability of internet
  - Image of complain handling
  - Large size
  - Global bank
  - Reputation

Interaction

Relationship Image

- Existence of a key contact officer
- Image of getting on well with the manager
- Image of good complaint handling
- Image of providing information
- Image of Support in difficult business times
- Image of Long term commitment

Recommendation

- By family
- By friends
- By other business
- By experts

Experience

- As a business customer
- As a personal customer

Source: complied by the researcher

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Chapter Four

The Research Framework

4.1 Introduction

This chapter tries to present the way this research was conducted in light of the limitations on the "ideal approach to research". After going through the conceptual body of this research, including positioning, branding, and the small business' selection criteria of their banks, in the previous two chapters, ending with the conceptual framework of the small business' bank selection criteria, the empirical part of the research should be started.

This chapter, which constitutes the first chapter of the empirical part, will present the design of this research, discussing the way such a research should be conducted, the limitations accompanying conducting this research, and ending this discussion with a presentation of the research design. The results of the exploratory pilot interviews in both Egypt and the UK will then be presented, followed by the proposed hypotheses of this research. This chapter will be followed by two other chapters, which will try to complete the picture of the empirical work, presenting a background of the two countries compared in this research (Egypt and the UK), then presenting the detailed research methodology adopted throughout this research.

4.2 The Ideal Research View

In chapter two, it was pointed out that as long as positioning is seeking to achieve a sustainable competitive advantage, it should be based not only on pre-purchase attributes but on post-purchase attributes as well. This reflects the argument that positioning is concerned with attracting customers based on their determinant pre-purchase criteria, as well as retaining customers based on their identified post-purchase criteria (as explained in detail in chapter two). Positioning that is only based on pre-purchase attributes will result in attracting new customers, while it does not guarantee retaining those customers, i.e. basing the company positioning strategy only on one dimension and ignoring the second.

In order to achieve this objective, which is understanding and building a successful positioning strategy, the research design should be as follows: firstly new small business companies, i.e. companies about to start, should be researched for their proposed selection criteria, as those are the ideal basic unit of analysis. Those companies are in the phase of bank selection, so there should not be any confusion between pre- and post-purchase criteria. This confusion is the main problem with researching both pre- and post-purchase criteria at the same time (Gardial et al, 1994). Secondly after some time those small business companies should be researched again for their required post-purchase criteria in order to follow the attracting process with a process that tries to retain those customers within the bank in order to achieve the desired sustainable competitive advantage.

To sum up, this ideal scenario is about two main points. Firstly only new small business companies in the stage of taking the decision of bank selection should be researched. Secondly this investigation should go through two phases. The first phase should be researching their determinant pre-purchase criteria before taking the decision, and the second phase should be researching their post-purchase criteria after some time of doing business with their chosen bank.

4.3   The Research Limitations

The previous section presents the ideal scenario of conducting such a research, but things are not always achieved in an ideal manner. A number of limitations have to be recognised that resulted in this research being conducted in a less than ideal way. These limitations are due to different reasons, such as unavailability of data, in order to take comparability between the two studied countries into account, limited time and finance availability, and to take conceptual equivalence into account. These limitations are:

1- A data set of new small business companies that have the intention to open a bank account in the very near future (the ideal units of analysis) does not exist. Even if one argues that business start up data set could be available in the UK and such companies should show the minimum degree of confusion between pre- and post-purchase criteria as they have just started their business, such a data set would not be available in Egypt. So the research will lose its sampling equivalence, which will be discussed later in detail (see for example: Craig and

Douglas 2000; Mintu et al 1994; Reynolds 1999), and the results will not allow the comparison to be made between the two countries, which is the main aim of this research.

2- The research will be limited to investigate only the pre-purchase criteria and not the post-purchase ones in an attempt to minimise the confusion effect of investigating both pre- and post-purchase at the same time (Gardial et al, 1994), as the research will be conducted on small business companies that are actually trading. It should be noted that one might counter-argue that investigating the small business companies that are actually trading, i.e. those who took the decision of bank selection some time ago, means that the results will have confusion as well, as Gardial et al (1994, P551) pointed out *"Recall that utilises long-term memory may lead to biases such as selectivity of recall, rationality bias, reconstruction and so forth"*. Although this is true, it seems that this confusion could not be excluded from any research unless a sample of new small business companies that have the intention to open a bank account in the very near future (i.e. the ideal sample) has been used and anyhow this methodology might produce useful insights if it conducted properly. Based on that, as long as there will be a degree of confusion in such a research that could not be eliminated, one should depend on other criteria to decide the way this research should be designed. Firstly since searching both pre- and post-purchase criteria at the same time requires adopting a qualitative research methodology in order to minimise the degree of confusion (Gardial et al, 1994), bearing in mind that trying to achieve the objective of this research requires a large sample (Nath, 1968). This means that searching pre- and post-purchase and at the same time achieving the research objectives requires a large sample size in a qualitative way, which is certainly beyond the researcher's time and financial capabilities. Secondly it could be argued that empirically it is better to conduct the second stage of positioning research (determine the post-purchase criteria) on customers of each bank individually rather than on the market as a whole, i.e. investigating the whole market for its pre-purchase criteria, while investigating each banks' customers for their post-purchase criteria. As each bank will select from the whole market pre-purchase criteria the criteria that suits it more and emphasises it, in a further stage the bank should investigate the post-purchase criteria and try to accommodate it into its positioning strategy.

3- Islamic bank customers had to be excluded from the research population in Egypt due to a number of reasons. Firstly those who chose Islamic banks might apply different decision rules compared to those who chose to deal with conventional banks (Engel et al, 1995). For Islamic banks' customers the non-compensatory decision rule adopted firstly results in excluding all the non-Islamic banks, while this is not the case for those who deal with conventional banks in Egypt. Secondly the Islamic banks share of the total financial market size is very small compared to the conventional banks (Naser and Moutinho 1997; Metawa and Almossawi 1998; Hassan 1999). Thirdly Malhotra et al (1996, P25) argue about the appropriateness of using a sample that contains a highly dissimilar units within it *"The common practice of using a nation-state as a surrogate for culture may be inappropriate for countries with heterogeneous cultures"*. Based on that it is more appropriate to investigate only the small business customers of conventional banks in Egypt especially when the main objective of this research is to make a comparison between Egypt and the UK.

4- In Egypt the sample will be drawn only from Greater Cairo (the capital) as in other cities the decision of bank selection might not exist in the first place, since only one bank might be available, so there is no selection decision to take, which will result in construct inequivalence if companies from such cities are included in the sample (the sampling issue will be discussed in detail in chapter six).

To sum up the effect of these limitations on the research design, the empirical part of this research will investigate the small business companies that are currently trading. It will mainly investigate the pre-purchase stage of bank selection. It will be conducted only on conventional banks' small business customers in Egypt (excluding the Islamic banks from the research population in Egypt). Finally the population in Egypt will be defined as small business companies trading only in Greater Cairo.

4.4 The Research Design

Figure (4.1) summarises this research design. This starts with the overall objective of this research, which is trying to increase both the academic and practical understanding of the positioning strategy in the Egyptian and the UK banking markets by understanding the small business customers selection decision in order to help the banks achieve a sustainable competitive advantage in the small business customer

market. There are two main approaches to achieve this objective (as explained in chapter two), either by adopting the resource based view of the firm (RBV), or by adopting the marketing paradigm (Positioning) (Porter, 1998), and this research has adopted the marketing paradigm. In order to increase the understanding of the positioning strategy, one should investigate both pre- and post-purchase criteria (as explained in chapter two), but this research investigated only the pre-purchase criteria (justification for this was made in the beginning of this chapter). This research adopted the most recommended approach in conducting marketing research, which is combining qualitative and quantitative designs "Mixed research methods" as it tries to overcome the weakness of each of them and at the same time realise the benefits of their strengths (Strauss and Corbin 1999; Creswell 1994; Greene et al 1989; Deshpande 1983). Of combined design approaches, this research used the two-phase design "The dominant-less dominant design" where the study is based on a single dominant paradigm (in this research the quantitative) with one small component of the overall study drawn from the alternative paradigm (the qualitative) (Creswell, 1994). This method had been used for development purposes, as it includes the sequential use of qualitative and quantitative methods, where the first method is used to help inform the development of the second (Greene et al, 1989). So the empirical part of this research is a cross-national research, investigating the pre-purchase criteria of banks from small business companies' perspective in two countries (Egypt and the UK). This was done in a cross-sectional design, as the data were collected at a single period of time from the sampling units (Parasuraman 1991; Churchill 1999). Hence the two research stages had to be duplicated in both countries (i.e. the exploratory research, and the descriptive research had to be conducted once in Egypt and again in the UK).

Figure (4.1) The Research Design

Objective

Increase the academic understanding and achieve sustainable competitive advantage

Approach

Resource based view of the firm

Positioning (Marketing Paradigm)

Measurement

Pre-purchase criteria

Post-purchase criteria

Empirical stages

Stage 1
Two Exploratory Researches

Objectives

Develop the derived-etic and develop hypotheses

Type

Analysis of selected cases (individual in-depth interviews)

Stage 2
Descriptive Research

Objectives

- Describe characteristics of certain group.
- Estimate proportion of people in a population who behave in a certain way

Type

Cross sectional (sample survey)

4.5 The Second Exploratory Pilot Interviews

The first stage of the empirical research design is the two waves of the exploratory pilot interviews in order to help in developing the derived Etic view of the proposed framework (the issue of from Emic to derived Etic will be discussed in detail in chapter six) and developing the hypotheses that are going to be tested in the second stage of the empirical stages. The first wave of interviews conducted in January 1999, consisting of five interviews (presented in chapter four) was to help in developing the conceptual framework of bank selection criteria that might be seen as a general framework and apply to both countries. The second wave of the exploratory pilot interviews consisted of sixteen interviews that had been conducted during a two month period in both the UK and Egypt, starting in early February 2000 with six interviews in the UK, and then conducting ten interviews during late February and early March 2000 in Egypt.

The researcher had adopted the interview approach for these exploratory studies as it is the one recommended in the literature in order to achieve the objectives of deriving the Etic view and developing hypotheses (Churchill 1999; Berry 1980), and it has the ability to capture the needed data. This was emphasised by Marshall and Rossman (1999) when they argued that the advantages of interviews include the allowance for large amounts of data to be collected quickly about a wide variety of information, and it also allows for immediate follow-up questions for clarification. Both waves of the interviews were of semi-structured type; each interview in the first wave lasted 20 minutes on average, and the interviews in the second wave lasted between 24 minutes (minimum) and 57 minutes (maximum) with an average of 30 minutes. The first wave was conducted with the owner-manager of the business, while the second wave was conducted either with the owner of the business, the director or sometimes the financial manager (especially in larger small businesses) as a number of the owners referred to the director or the financial manager as the person who handles these matters. This gave support to what will come later in chapter six regarding the determination of the sampling unit. The method used to obtain the respondents in the UK was the convenience sample based on personal contacts, as the researcher had been introduced to these respondents through their business consultation company. In Egypt the technique used in obtaining the respondents in the two waves was "snowball sampling", as the researcher through his personal contacts located an initial set of

respondents and then these individuals provided an introduction to other potential interviewees (Churchill 1999; McDaniel and Gates 1999).

The second wave of interviews was tape recorded, seven of them transcribed to get information organised and to get other comments on it, while the tapes for the other interviews had been reviewed carefully, organised and analysed in order to help in developing and supporting the hypotheses (Silverman, 2000). The second wave of interviews started with an introduction about the researcher and his research, then a number of main questions was raised and led the interview. These questions were about the interviewee's business and business conditions, his relationship with his current bank, reasons that might lead him to change his current bank, the criteria he will look for if he is looking for a new bank, types of communications he receives from his bank, and finally his overall evaluation of different bank's offers to the small business customers.

One last thing about these two waves of the interviews has to be explained. That is why only five interviews in the first wave and sixteen interviews in the second wave (six in the UK and ten in Egypt) were conducted? The answer to this could be found in the theoretical sampling process. Theoretical sampling means that the data that were collected, coded and analysed guided the further sampling until no new data are to be discovered (Glaser and Strauss 1967; Seale 1999). Strauss and Corbin (1998) further explained that in theoretical saturation situations the researcher has to gather the data until each category is saturated, i.e. no new or relevant data emerge and each category is well developed.

4.5.1 Firms' Backgrounds

Tables (4.1) and (4.2) summarise the main information about the interviewed companies in the second wave of the exploratory pilot interviews. The six interviewed companies in the UK will be presented first followed by the ten companies in Egypt.

Table (4.1) Summary of the interviewed companies in UK

Company	Type, Established & Market	No. of Employees	Growth & Turnover	No. of Banks	Services used	Switching reasons	Selection Criteria	Comments
A UK	Manufacturing, 1983, National	14	No the same, 1 million (£)	1	- Current accounts	- Can't think in any, should be a disaster	- Friendliness - Approachability - Getting on well with the account manager	- Receive bank publications - Good relationship
B UK	Business services, 1996, National and international	10	Yes, very rapidly, 240,000 £	1	- Current accounts - Overdraft - Money transfer	- Better offer from another bank - Replace the manager	- Lower charges - Getting on well with the manager - Good reputation	- Receive bank publications - Good relationship
C UK	Constructions, 1996, National	25	Yes, rapidly, 600,000 £	1	- Current accounts - Overdraft - Secure loans - Money transfer	- Replace the manager - Refuse granting the credit	- Lower charges - Getting on well with the manager - Internet banking	- Receive little bank publications - Good relationship
D UK	Holding company of a manufacturing factory, 1989, National and international	58	Yes, rapidly, -	1	- Current accounts - Overdraft - Short term loan (just to be sign)	- Replace the manager - Refuse renew or expand the credit	- Lower charges - Getting on well with the manager - Accept the "shopping list"	- Receive very little bank publications, as they use most of the services - Bad relationship
E UK	Photocopying and printing services, 1984, National	9	No decrease, -	1	- Current accounts	- Problems in contacting the staff	- Location convenient - Getting on well with the manager - Building a relationship	- Receive bank publications - Bad relationship
F UK	Photocopying, digital photographic and printing, 1990, National	21	Yes, rapidly, -	1	- Current accounts - Overdraft	- Replace the manager - Increase the charges	- Recommendation of the new partner	- Receive little bank publications - Good relationship

Table (4.2) Summary of the interviewed companies in Egypt

Company	Type & Established	NO. of Employees	Growth & Turnover	NO. of Banks	Services used	Switching reasons	Selection Criteria	Comments
G Egypt	Pharmaceutical, 1998, International	25	Started production in 1999	2	- Current accounts - Medium term loans - Documentary credit	- Refuse of credit - Accumulation of problems	- Understandable management - Getting on well with the account manager	- Don't receive any bank publications - Bad relationship
H Egypt	Tourism, 1998, National and international	25	Yes, rapidly, 15 million (E)	2	- Current accounts - letters of credit	- Replace the manager	- Understandable management - Getting on well with the account manager	- Don't receive any bank publications - Relationship is a case by case
I Egypt	Trading, 1996, National and international	18	Yes, rapidly, 26 million (E)	3	- Current accounts - Letters of credit - Documentary credit - Deposits	- Refuse of credit - Accumulation of problems - increase charges	- Understandable management - Low charges - Getting on well with the account manager	- Don't receive any bank publications - Relationship is a case by case
J Egypt	Engineering consultation, 1997, National and international	24	Yes, rapidly, 3.5 million (E)	2	- Current accounts - Overdraft - Letters credit - Deposits	- Refuse of credit - Failing in supporting the company in difficult times	- Private bank - Availability of credit - Getting on well with the account manager	- Don't receive any bank publications - Relationship is a case by case
K Egypt	Trading, 1996, National and international	17	Yes, rapidly, 15 million (E)	4	- Current accounts - Deposits - Money transfer - Foreign exchange - Documentary credit	- Refuse of credit - Accumulation of problems - Increase charges	- Lower charges - Courteous staff - Getting on well with the account manager	- Don't receive any bank publications - Relationship is a case by case
L Egypt	Trading, 1990, National and international	11	Yes, -	2	- Current accounts - Money transfer - Letters of credit - Foreign exchange - Documentary credit	- Refuse of credit - Accumulation of problems	- Understandable management - Getting on well with the account manager	- Don't receive any bank publications - Relationship is a case by case

Table (4.2) Summary of the interviewed companies in Egypt (continued)

Company	Type & Established	NO. of Employees	Growth & Turnover	NO. of Banks	Services used	Switching reasons	Selection Criteria	Comments
M Egypt	Plumbing construction and Engineering, 1998, National	25	No, the same, -	2	- Current accounts - Deposits - Letters of credit	- Refuse of credit - Services become slower	- Availability of credit - Speed services	- Don't receive any bank publications - Relationship is a case by case
N Egypt	Holding company of a tourism resort, 1998, National and international	43	Will start June 2000	1	- Current accounts - Letters of credit - Medium term loans - Documentary credit	- Stop the credit - Accumulation of problems	- Availability of credit - Speed services - Low charges	- Don't receive any bank publications - Relationship is a case by case
O Egypt	Trading and supplies, 1991, National	13	Yes, rapidly, 4 million (E)	2	- Current accounts - Letters of credit - Deposits	- Replace the manager - Another bank offered them a better offer	- Friendly staff - Low charges - Getting on well with the account manager - Better interest rates	- Don't receive any bank publications - Relationship is a case by case
P Egypt	Shipping and navigation, 1996, National and international	35	Yes, rapidly, 5 million (E)	2	- Current accounts - Foreign exchange - Money transfer - Deposits	- Services become slower - Staff turned to be unfriendly	- Big bank - Good reputation - Getting on well with the account manager	- Don't receive any bank publications - Relationship is a case by case

4.5.2 Discussion

The following points could be extracted from the sixteen interviews, which might show some potential areas of similarities or differences between the small business customers in Egypt and the UK.

1- The interviewed companies cover a wide range of different business activities: two manufacturing companies, three constructions, three business activities, two financial holding companies, four trading and two tourism service companies.

2- All the interviewed companies in the UK used only one bank, while nine out of the ten interviewed companies in Egypt used more than one bank.

3- The interviewed companies in both countries use similar bank services.

4- Replacing the bank account manager with another one who doesn't have a similar personality is one of the main expected reasons for switching banks in the UK (four out of six). This is not the case in Egypt, as only two out of the ten interviewed companies refer to it as one of the expected reasons for switching banks.

5- Refusal of credit grant or extension is one the main expected reasons for switching banks in Egypt (seven out of ten) and this supports the fact that small businessmen tend to be multiple bank users, as they will try to get the services they need from different banks. This is not the case in the UK, as only two out of six refer to it as one of the main expected reasons to switch their bank.

6- Relationship between small business customers and their banks in Egypt looks as if it goes through a lot of problems, or at least problems are expected, as five of the ten interviewed companies in Egypt referred to accumulation of problems as one of the main expected reasons for switching their bank. This partly supports the argument raised by some of them that banks change their policies regularly, so businessmen need to be prepared for that by having relationships with different banks at the same time. On the other hand this is supported by the fact that nine out of the ten interviewed companies perceive banking relationships as a case by case situation (depending on the two parties involved in the relationship), while the tenth company has a bad relationship with its banks.

7- Getting on well with the bank account manager is almost the most important bank selection criteria from the small business customers' point of view, as five out of

six in the UK and eight out of ten in Egypt referred to it as one of the important criteria in the decision of bank selection.

8- Bank charges seems to be an important criteria in the bank selection decision as well, with no obvious difference between Egypt and the UK, as three out of six in the UK and four out of ten in Egypt referred to it as one of the important criteria in the decision of bank selection.

9- Availability of finance does not seem to be an issue in the bank selection decision in the UK, as no one referred to it as one of the selection criteria. This is not the case in Egypt, as three out of the ten interviewed companies referred to it as one of the selection criteria and at the same time refusal of credit is one of the main reasons for switching banks in Egypt.

10- Convenience of the bank location is one of the main reasons for having a relationship with other banks in Egypt although it is not one of the selection criteria of the main banks in both Egypt and the UK.

11- Branding seems to have an important effect on the decision of bank selection as the elements that could be represented in the brand (the post purchase criteria like friendliness, approachability, understanding, courtesy, speedy services,…etc) had been chosen among the important criteria in the decision of bank selection in both countries (see chapter three).

12- Recommendation of others does not seem to have any effect on the decision of bank selection in both countries, as only one interviewee in the UK refers to it as one of the selection criteria and that was because they are going to have a new partner in the company who will be responsible for such things.

13- All the interviewed companies in the UK receive publications and leaflets from their banks, while this is totally not the case in Egypt, as they never receive anything except the bank statement and charges notes.

14- Regarding the type of relationship the companies have with their banks, four out of six in the UK have a good relationship while the other two have a bad relationship. In Egypt there is a totally different picture, where nine out of the ten interviewed companies think that the type of the relationship is a case by case situation, i.e. some customers might have a good relationship with a bank while others have a bad relationship with the same bank and that is not because they are bad customers, as they can have good relationship with other banks in the meantime.

So in Egypt there is no minimum level of the quality of a relationship in Egypt within the same bank.

4.6 The Development of the Research Hypotheses

Chapter three ended with the introduction of the conceptual framework of the small business customers' banks selection criteria, which presented and summarised the selection criteria raised in the literature and had been reinforced by the results of the first wave of the exploratory pilot interviews that tried to incorporate the Egyptian small business customers selection criteria (derived Etic). The hypotheses are going to be presented in two main groups. The first group deals with the hypotheses to be tested across all the sample units (i.e. all the companies in the UK and Egypt). This set of hypotheses is more directed into testing hypotheses that relate to small business customers in general regardless of their nationality, i.e. trying to reach results that may be applied to small business customers across nations. The second set of hypotheses is directed towards testing the similarities and differences between small business customers in the two countries (Egypt and the UK).

4.6.1 The First Group of Hypotheses

This group of hypotheses tries to reach some empirical findings about small business customers' behaviour (in general) when dealing with their banks by investigating general features of the relationship between the small business customers and their banks and it consists of the following hypotheses.

Although the results of the empirical studies in the literature (Buerger and Ulrich 1986; Schlesinger et al 1987; Turnbull and Gibbs 1989; Nielsen 1995; File and Prince 1991) suggest that selection criteria relating to the quality dimension is more important than the selection criteria relating to the interaction dimension (based on the classification made in the conceptual framework of small business' bank selection criteria, Figure 3.4). These results did not find support in the interviews as most of the interviewees explained that relationship, support and commitment are the major keys in selecting a bank for their companies. For example one of the Egyptian interviewee explained that *"To me there is nothing called X bank, but there is something called Mr Y, who is the manager"* while another interviewee in the UK mentioned that *"We don't think in switching as we developed a relationship, we understand them and they*

understand us..." Actually this could find some support in Zineldin's (1995) work, which emphasises the importance of a relationship between banks and their business customers. Based on this argument one could formulate the following hypothesis

H.1 Small business customers attach more importance to the "interaction dimension" over the "quality dimension" of the bank selection criteria.

One can find conflicting results in the literature about the importance of technical and functional quality dimensions of service quality in the decision of bank selection (qualities of specific services and qualities of the service provider in the conceptual framework). On the one hand one can find a support for the argument that functional quality is at least as important as technical quality in influencing potential small business customers (Teas 1988; Ennew and Binks, 1996). On the other hand one can find support to the counter-argument that suggest the superiority of technical criteria over the functional criteria in the decision of bank selection for small business customers (Schlesinger et al 1987; Smith 1989; File and Prince 1991). The exploratory interviews support the argument of functional quality superiority over technical quality in the decision of bank selection as one of the Egyptian interviewees explained that: "*Cost is not the main reason in selection and as fees, charges and commissions don't vary much between different banks' offers, so what makes the difference is the other supporting elements*". Another UK interviewee indicated that "*If a bank approaches me offering a reduction of a small percentage in the charges I don't think I'd take it because I would enter a new territory,...so it has to be a major reduction of bank charges to make me move*". Based on this argument one could formulate the following hypothesis

H.2 Small business customers assign more importance to the "qualities of the service provider" over the "qualities of the service itself" in the decision of bank selection.

It is easy to find a consensus in the literature, which suggests that the relationship factor is far more important than the factors of recommendation of others and past experience with the bank, as these factors, if listed in the factors of bank selection, always come at a later stage of importance after the relationship factor (Buerger and Ulrich 1986; Turnbull and Gibbs 1989; Smith 1989; File and Prince 1992; Nielsen et

al 1995). This could find support in the exploratory interviews as well, since one of the Egyptian interviewees said that *"Recommendations of others couldn't be taken for granted as in our country relationship with bank is a case by case scenario, ...having a good experience with a bank is not a guarantee that you will keep it in the future as the norm here is sudden changes"* At the same time another UK interviewee explained that *"I'll look for a commitment for the business"*. Based on the previous argument one can suggest the following hypotheses

H.3 Small business customers assign greater importance to the "relationship factor" over "recommendation and experience factors" in the decision of bank selection.

Although one could find a growing body of evidence about the benefits and use of brands in the consumer markets in financial service organisations (Kosnik 1989; Easingwood and Mahajan 1989; Saunders and Watters 1993; Devlin et al 1995; Zieneldin 1996), this is not the case in the business markets. As explained before in chapter three, the way the researchers tend to interpret their field study results suggest that there is not any importance of brands in such markets (Mols et al 1997; Edris and Almahmeed 1997; File and Prince 1991). Although if one looks carefully to their suggested selection criteria, he/she could easily conclude that a large number of these selection criteria do not belong to pre-purchase and they belong to post-purchase, i.e. criteria like reliability, speedy, courtesy of staff ...etc may only be available or may be more easily judged after purchase than before (Ford et al 1990; Gardial et al 1994). Hence brands should have a role here by giving signals to the business customers about the pool of post-purchase attributes they could enjoy if they decided to have this brand (De Chernatony 1993; Keller 1998). The interpretation of the exploratory interviews results also supports this argument and shows the same results, as it could be extracted from the interviews (Tables 4.1 and 4.2) that a lot of post-purchase criteria had been selected as reasons for joining a bank such as friendliness, staff approachability, understandable management, courteous staff etc.

Zeithaml (1997) emphasises the idea that both experience and credence qualities are more important in services, i.e. the criteria that are better judged post-purchase or at some time could not be judged at all. Ford et al (1990) emphasise the same idea when they argue that some product characteristics may only be available or may be more easily judged after purchase. Hence in this research the criteria of a bank selection

decision that are mainly judged after purchase are considered to be mainly evaluated based on the image, according to the brand role in building such an image and at the same time as a pool of other attributes from the customers' point of view. Based on that all the questionnaire items of accuracy, confidentiality, speedy services, courteous staff, knowledgeable staff, understandable staff, getting on well with the management, credit availability, good complaint handling, providing information, reputation, support and commitment are included in a summated scale for the brand items, while the other criteria are included in another summated scale for the non-brand items. Based on the previous argument one could suggest the following hypothesis.

***H.4 Small business customers assign more importance to the brand
items over the non-brand items in the decision of bank selection.***

Regarding the effect of company-related and respondent-related characteristics on selection criteria or part of it, one cannot find too much support in the literature that tried to specify the effect of such characteristics on selection criteria especially for small business companies. Zineldin (1995) and Turnbull and Gibbs (1989) tried to use some of these characteristics to see how it affects selection criteria, but that was done on an aggregate level, i.e. investigating small, medium and large companies at the same time. File and Prince (1991) on the other hand tried to investigate the effect of a number of personal-related characteristics and the firm ownership (inherited or entrepreneur) of small business customers on the type of relationship they have with their bank. Finally Mckechnie et al (1997) tried to compare between small business owners males and females regarding their banking relationship. The results of the exploratory pilot interviews suggest raising the following hypotheses.

- As mentioned by a number of interviewees in both countries the issues of fees, charges, commissions and debit interest rates becomes more important in the case of the company depending on any sort of credit from the bank. One of the UK interviewees (who has a sort of credit) mentioned when he had been asked about his selection criteria *"Definitely the cost of borrowing"*. Another interviewee (who has credit as well) in Egypt mentioned that *"Charges are on the top of our selection criteria"*.

***H.5 Small business customers who use any type of credit attach
more importance to the "financial related items" in the decision of
bank selection.***

- Based on the results of the interviews, the importance of getting on well with the manager increases as visiting the branch number of times increases, as mentioned by one of the interviewees in Egypt *"it is very important to get along with the bank manager as all of our business is done through him"*. So the following hypotheses could be suggested.

***H.6 The greater the number of times meeting the bank account
manager, the greater the importance of getting well with him/her as
one of the bank selection criteria.***

- There is no evidence either in the literature or in the exploratory pilot interviews of a possible effect of the form of the small business organisation on the bank selection criteria of this organisation. So this should lead to suggest the following hypothesis.

***H.7 The form of business organisation of the company has no effect
on its bank selection criteria.***

- Turnbull and Gibbs (1989) suggest that the type of business activity of the company has an effect on its bank selection criteria (but this was suggested for all sizes of companies, i.e. small, medium and large). The results of the exploratory pilot interviews cannot support such a result, so the following hypotheses could be suggested.

***H.8 The type of the business activity of the small business company
has no impact on its bank selection criteria***

- Again, although the literature tried to investigate the effect of company size on its relationship with the bank (Zineldin 1995; Turnbull and Gibbs 1989), this was done to compare large, medium and small size companies with each other. No attempt had been made to investigate whether this is true within the small business customers' segment or not. Nevertheless File and Prince (1991) defined three types of small business customers (return seekers, relevance seekers and relationship seekers) but they didn't use size of the company as one of the discriminating

factors between the three different categories. The results of the exploratory interviews did not provide support for such a suggestion (i.e. size having an effect on selection criteria), so the following hypotheses could be suggested.

H.9 The size of the small business company (measured by number of employees) has no effect on its bank selection criteria.

- Neither the literature nor the exploratory interviews found any effect of the age (trading period) of the small size company on its selection criteria. So one could suggest the following hypothesis

   H.10 The age of the small business company has no effect on its bank selection criteria.

- The results of the exploratory interviews suggested that the type of the market that the company serves (national, international or both) does have an effect on the bank selection criteria, as the companies dealing on the international level prefer that the bank be big and a global bank, so this should facilitate their international transactions. As one of the UK interviewees who deals on the international level mentioned that "..._it will be a global bank that will facilitate our business_". Another Egyptian interviewee who also deals on the international market level explained that "_it is for sure going to be a big bank with wide networks..._" Although there is little evidence in the literature, it is still possible to suggest the following hypothesis.

   H.11 Small business companies that do business on the international markets attach more importance to the selection criteria of large size of the bank and being global.

- Neither the literature nor the results of the exploratory interviews can find support for the argument that there are differences in bank selection criteria between companies that have expectations of growth, constancy or even a decrease in their level of business performance during the coming years. So this should suggest the following hypothesis.

   H.12 Expectations of the business performance of the small business company have no impact on its bank selection criteria.

- File and Prince (1991) pointed out that small businessmen who are under 45 years old are most likely not to be relationship seekers with their bank, small businessmen who have a college degree are most likely to be return seekers, and females are most likely to be return seekers as well. McKechnie et al (1998) suggested that female small business owners might show more interest in items of service quality compared to male small business owners. But these findings did not find support in the exploratory pilot interviews in both countries. So the following hypotheses could be suggested.

> *H.13 Gender, educational level or age of the small businessman/businesswoman has no impact on the company's bank selection criteria.*

4.6.2 The Second Group of Hypotheses

This group of hypotheses try to come up with a number of hypotheses that define the similarities and differences between small business customers in the two studied countries (Egypt and the UK) regarding their banking behaviour and it consists of the following hypotheses. It should be noted that the exploratory interviews suggested few differences between the two countries, so most of the following hypotheses will propose similarities.

As had been pointed out in the argument of hypothesis H.1, both the UK and the Egyptian small business customers might be more interested in the interaction dimension over the quality dimension of selection criteria. Therefore there is no reason to suggest that there are differences in such importance between the UK and the Egyptian small business customers. As one cannot find any support for such differences in the exploratory interviews and even when comparing the results of Turnbull and Gibbs (1989) in South Africa with the results of File and Prince (1991) in the USA, there was no evidence of such differences as well (arguably that South Africa and USA might exhibit similar patterns of small business banking behaviour like Egypt and the UK). This argument leads to suggest the following hypotheses

> *H.14 The level of importance attached to the quality dimension of the bank selection criteria is expected to be similar across the small business companies in Egypt and the UK.*

H.15 The level of importance attached to the interaction dimension of the bank selection criteria is expected to be similar across the small business companies in Egypt and the UK.

`There is no reason to hypothesise that there are differences between the level of importance of qualities of a specific service and qualities of the service provider assigned by either UK or Egyptian small business customers in the decision of bank selection. This is mainly based on the argument made in hypothesis H.2, the results of the exploratory interviews and the available literature, so the following hypotheses are suggested. The qualities of the specific service are divided into financial and non-financial items. The qualities of the service providers are divided into hard items (mainly the physical items), soft items (mainly the human items), and extra items (mainly the institutional items)

H.16 The level of importance attached to the "non-financial items" of the bank selection criteria is expected to be similar across the small business companies in Egypt and the UK.

H.17 The level of importance attached to the "financial items" of the bank selection criteria is expected to be similar across the small business companies in Egypt and the UK.

H.18 The level of importance attached to the "hard items" of the bank selection criteria is expected to be similar across the small business companies in Egypt and the UK.

H.19 The level of importance attached to the "soft items" of the bank selection criteria is expected to be similar across the small business companies in Egypt and the UK.

H.20 The level of importance attached to the "extra items" of the bank selection criteria is expected to be similar across the small business companies in Egypt and the UK.

Again there is no reason to suggest that there are differences between the level of importance of relationship, recommendation or experience factors assigned by either UK or Egyptian small business customers in the decision of bank selection. This is mainly based on the argument made in hypothesis H.3, the results of the exploratory

interviews and even the available literature, so the following hypotheses could be suggested.

H.21 The level of importance attached to the relationship items of the bank selection criteria is expected to be similar across the small business companies in Egypt and the UK.

H.22 The level of importance attached to the experience and recommendation items of the bank selection criteria is expected to be similar across the small business companies in Egypt and the UK.

As had been discussed before, in hypotheses H.4, brands do have a role in the decision of bank selection for small business customers, but one can argue that this effect might vary between UK and Egyptian business customers. Tables (4.1) and (4.2) show that there is a tendency among the Egyptian small businesses to put more emphasis on post-purchase experience like understandable management, getting on well with the manager (these criteria have two faces, the first one is pre-purchase as almost all the interviewees explained that they would go for a chat with the bank manager before deciding to move in [first impression], and the second face is post-purchase regarding the state of the relationship after starting to do business), courteous staff, speedy services, and as one of the interviewees in Egypt explained "*The way in which the manager meets me is very important to us as Egyptians*". Another Egyptian interviewee mentioned that "*Bank transactions take some time to be prepared, so I have to spend this time with friendly people, otherwise I can't stand it*". Regarding the non-brand items, there were no evidence either in the literature or in the exploratory pilot interviews about possible difference between the two studied countries. Based on this argument the following hypotheses could be suggested.

H.23 The Egyptian small business customers attach higher level of importance to the brand items of the bank selection criteria compered to the UK small business ones.

H.24 The level of importance attached to the non-brand items of the bank selection criteria is expected to be similar across the small business companies in Egypt and the UK.

Tables (4.1) and (4.2) show that all the interviewed UK small business customers (six out of six) deal with only one bank. Most of the interviewed Egyptian small business customers (nine out of ten) deal with more than one bank, so it is logical to suggest the following hypothesis

H.25 Egyptian small business customers split their banking operations more than the UK ones

As the results of the interviews show in tables (4.1) and (4.2), the structure of the bank services (services used) does not differ between small business customers in both countries, as both of them use similar services. One of the UK interviewees (one of the larger businesses interviewed) made it clear when he said that *"We are a small fish, we have to take what we are given, and we hope we can do something about that in the future"*. Based on this the following hypotheses could be suggested.

H.26 A similar level of bank services is used by the small business customers in Egypt and the UK.

Since small business relationships with their banks in Egypt are not stable and are always under change due to regular changes in the internal bank's policy, as mentioned by most of the interviewees in Egypt. This made them suggest that they will switch their bank whenever problems start to accumulate. However one can easily detect that this is not the case for the relationship of UK small businesses and their banks. On the other hand while replacing the bank manager was the main expected cause for switching for the UK small business customers (four out of five), that was not the case for the Egyptian small business customers, as refusal of credit, and accumulation of problems were the main expected switching causes (seven out of ten for the former and five out of ten for the latter). Based on this the following hypotheses could be suggested.

H.27 Reasons of switching bank differ between the small business customers in Egypt and UK.

4.7 Conclusion

This chapter has provided an overview of how this research had been conducted due to the number of limitations surrounding it. The chapter started by presenting the "ideal research view" that summarises how the research should conducted. Then the research limitation had been presented in order to come-up with why this research was designed the way it is. It should be noted that although selection criteria were studied after purchase has been made, which suggest a degree of confusion, it could be argued that using both interviews then questionnaires will result in obtaining useful data. After presenting the research design the sixteen exploratory pilot interviews in Egypt and the UK were presented, their main results being summarised in tables (4.1) and (4.2) and a discussion was presented that tried to capture the main themes in the interviews. Finally the research hypotheses were developed and were divided into two main groups. The first one deals with the hypotheses of small business customers (in general) and their banks. While the second group of hypothesis deals with the expected similarities and differences between the small business customers in Egypt and the UK. This chapter will be followed by chapter five that discusses the Egyptian and the UK backgrounds, regarding the cultural, economic, financial system and small businesses in both countries. After this, chapter six will deal with the research methodology, as the issues of the cross-national methodology, data collection, questionnaire design, sampling and data analysis techniques will be discussed before starting the actual data analysis.

Chapter Five

Egypt and the UK a Comparison

5.1 Introduction

This chapter tries to highlight the main issues in the two countries studied in this research (Egypt and the UK). As a first stage in the empirical part of this research it tries to explain the main cultural differences between both countries, present the main economic indicators of each country, show the structure of the banking market in each country and finally present a blueprint of the small business companies in each country.

Before presenting this comparison in the next sections an important question should be answered first. This question is Why those two countries (Egypt and the UK)? The answer to such a question depends on a theoretical argument and a fact. The theoretical argument should be started with what Vijver and Leung (1997) explained in their research, as they argue that the cultural sampling in any research is of three different types. The first one is convenience sampling "*Researchers select a culture simply because of considerations of convenience*". The second is the systematic sampling "*Cultures are selected in a systematic, theory-guided fashion*". The third type is random sampling "*Involve the sampling of a large number of cultures randomly*". They further explain (P29) that the researcher should consider their primary objective "*If the objective is to look for differences, it may be more informative to start with cultures that are more similar*" "*If the primary objective is to look for universal patterns, it would be more informative to include cultures that are as different as possible*". Depending on this argument and as this research, as explained before in chapter one, is trying to introduce a framework that represents the bank selection criteria of the small business customers in any country, thus this research should study different cultures, as if similar results could be obtained from those different cultures then a strong claim for universality could be made. Depending on the previous explanation it could be concluded that the cultures selection in this research fulfils the definition of systematic sampling.

Regarding the fact, as the researcher is Egyptian and studies in the UK, so it was a logical choice to study the two countries of Egypt and the UK. This means that the

sampling type of this research fulfils the definition of convenience sample. To sum up, according to the theoretical argument this research is of systematic cultural sampling and according to the fact this research is of convenience cultural sampling.

After explaining the logic behind the selection of the two countries (Egypt and the UK), this chapter will starts with explaining the main cultural differences between the two countries based on the work of Hofstede (1983). Then in the following two sections both the economic in general and the banking market in particular will be presented. Finally the role and scope of the small business in both countries will be discussed.

5.2   Cultural Differences Between Egypt and the UK

Apart from the large amount of literature on the definition of culture and its component, Trompenaars and Turner (1997), after reviewing different directions in defining the term "culture" explain that culture consists of three layers. The first one is "Artefacts and Products" that is the most easily observed layer and it contains things like language, food, buildings, fashions, art etc. The second layer is "Norms and Values", while norms are represented in laws and social controls (what is right and wrong), values are the ideals shared by the group and it should be noted that if in a culture at some time norms did not fit the values, then it is the norms that will eventually change. The deepest layer is the "Basic Assumptions" it is implicit and tend to be unquestioned by members of the culture.

Hofstede (1983) presented the results of a major study including 50 countries and 3 regions on the employees of a multinational corporation. Although many criticisms could be directed to his research, it represents the only available source of information comparing between the UK and the Arab countries in general (as there was an assumption that no great differences exist between them) (these five Arab countries were Egypt, Iraq, Kuwait, Lebanon and Libya). This research might explain part of the cultural differences between the two countries regarding four dimensions (Power distance, Uncertainty avoidance, Individualism and Masculinity). Hofstede (1984) offered a detailed explanation of what he means by the four dimensions. Power distance represents the extent to which members of a society accept that the power in the organisation is distributed unequally. Uncertainty avoidance means the degree to which the members of a society feel uncomfortable with uncertainty and ambiguity.

Individualism as opposite to collectivism represents the degree to which the members of a society are supposed to take care of themselves and their immediate families only. Finally Masculinity stands for the preference of achievement heroism, assertiveness and material success. Table (5.1) presents the indexes and rank order of the UK and the Arab countries compared to other studied countries.

Table (5.1) Hofstade's cultural comparison

	Arab Countries		UK	
	Index	Rank	Index	Rank
Power Distance	80	44-45	35	10-12
Uncertainty Avoidance	68	24-25	35	6-7
Individualism	38	25	89	48
Masculinity	53	28-29	66	41-42

Source: Hofstede (1983), P342

It could be inferred from the previous table that there are major cultural differences between the two studied countries, regarding those four dimensions. The power distance index shows that while the UK members of the society do not accept the unequal distribution of the power within the institutions and organisations in their society, the Arab people accept such an unequal distribution to a large extent. The UK index was 35 (lowest 10-12th countries accepting such unequal distribution). The Arab index was 80 (ranked lowest 44-45th regard accepting such an unequal distribution of power).

The uncertainty avoidance index shows that the UK members of the society are more comfortable with uncertainty and ambiguity compared to the Egyptian members of the society. The Arab index was 68 implying higher degree of feeling uncomfortable with uncertainty (ranked 6-7th on the uncomfortable feeling with the uncertainty and ambiguity, while the UK index was 35, and ranked 24-25th on the same factor).

Regarding the extent to which members of the society are supposed to take care of only themselves and their immediate family the UK people do believe more than the Arab people in this assumption. The Arab index was 38 (ranked 25th), indicating a lower level of belief in individualism compared to the UK members of society who

came on the 48th rank, with an index of 89, indicating a higher level of belief in individualism.

Finally regarding the masculinity, that stands for preference for achievement, heroism, assertiveness and material success, again the UK members of society have more tendency to this masculinity compared to the Arab members of the society. The Arab people came on the 28-29th rank with an index of 53, while the UK people came on the 41-42nd rank with an index of 66 on this factor.

Based on the previous explanation it could be argued that the use of those two countries in this research satisfies the pre-requisites (culturally different countries) for achieving the objective of developing a universally applied framework.

5.3   Economy in Egypt and the UK

In order to get more insights to the differences between Egypt and the UK, the economic indicators are presented, as Akaah et al (1988) emphasise that the differences between the developing and the developed countries in all aspects of life do have an impact on the understanding and applicability of the marketing concepts and models. Table (5.2) presents a comparison of the main economic indicators of the two countries.

Table (5.2) Main Economic indicators[*]

Indicator	Egypt[†]	UK[‡]
Population *(Persons)*	59,272,000	59,500,900
Work force *(Persons)*	12,236,000	27,999,000
Currency exchange (rate to 1 $)	3.77 (Egyptian Pound)	.6795 (Sterling Pound)
Average interest rates	9.09 %	5.94 %
GDP	302,000	891,583
Overall budget balance	(3,600)	(2,556)
Exports	24,505	15,798
Imports	68,614	18,304

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[*] Sources of the Egyptian data are: http://www.economy.gov.eg/english/monthly, http://www.ahram.org.eg/arab/ahram/2001/1/19/curr0.html, CAPMS (1998).
Sources of the UK data are: http://www.statistics.gov.uk/instantfigures.asp, http://www.bbc.co.uk/english/business/market_data/defaultstm, Wisniewski (2000).
[†] The Egyptian figures are in millions of Egyptian pounds.
[‡] The UK figures are in millions of Sterling pounds.

The previous table supports the argument about the differences between the two studied countries, which make them suitable for the objective of the research (as explained before). Although the populations of the two countries are similar, the working force in the UK is more than double in Egypt, this might be attributed, in a part of it, to the small percentage of females who do work (included in the workforce) being less than 5% (CAPMS, 1998). A difference could be seen in the currency exchange rate (as the Sterling pound equals about 5.7 Egyptian pounds). Another difference could be seen in the interest rates, although it started to fall in Egypt due to the success in the economic reform policies. Another difference could be found in the Gross Domestic Product (GDP) as the Egyptian one is about .05 of the UK GDP (after considering the exchange rate). The overall budget defect on the Egyptian economy is about .23 of the UK budget deficit (this could be attributed, in part of it, to the unbalance between the Egyptian exports and imports). Finally although the Egyptian exports are about .38 of the UK exports, the Egyptian imports are about .68 of the UK imports, which might explain part of the lower exchange rate of the Egyptian currency compared to the other major currencies like the Sterling pound, as the exchange rate on early seventies of the last century was about 1:1.

5.4   Banking Market in Egypt and the UK

An exploratory analysis of the banking market in Egypt and the UK will result in supporting the previous argument of huge cultural differences between these two countries. Tables (5.3) and (5.4) present the current numbers of banks operating in both countries.

Table (5.3) Egyptian Banks[*]

Egyptian Banks	Number
- Commercial banks	
Public owned	4
Private & Joint venture	24
- Business and Investment banks	11
Private & Joint venture	20
Off-shore banks	
- Specialised banks	
Industrial	1
Real estate	2
Agricultural	1
Total	**63**

Table (5.4) UK banks[†]

UK banks	Number
UK banks	112
Other EU	112
American	39
Japanese	19
Other developed	60
Others	78
Total	**420**

The previous tables show the huge difference in number of banks operating in each country and it should be noted that the classification of banks in Egypt into commercial, investement and specialised banks does not mean anything, as research tend to argue that the three types does not have differences regarding their banking operations, but it was rather a traditional title that had been given to them (Abou Aish, 1994). It should be noted that while the number of banks working in the Egyptian market is almost unchanged from 1993 (due to a number of mergers), the number of banks working in the UK is decreasing every year. It was 567 banks in 1988 (after introducing the 1987 banking act), reduced to 486 in 1994 and finally becoming 420 banks in 2000.

The differences will be more obvious when presenting the main figures of the aggregate balance sheets for the Egyptian and UK banks (table 5.5), as these figure summarise the differences in the size of the banking market in both countries.

Table (5.5) Main figures of the bank's Aggregate balance sheet[*]

Item	Egypt (LE. Mill.)	UK (£ Mill.)
- Assets	354,165	2,719,647
- Loans and securities	197,192	2,645,169
- Deposits	230,218	2,421,587

The previous table summarises what could be said about the banking market in both countries. Having in mind the currency exchange rate, this means that the percentage of the total banks' assets in Egypt compared to the UK is about 2.2%. At the same time the percentage of the banks' loans in Egypt compared to the UK is about 1.3%. Finally the percentage of the banks' deposits in Egypt compared to the UK is about 1.6%. These figures, in part of it, reflect the conservative approach in managing the banking system in Egypt compared to the more encouragement approach in the UK and it might be argued that it is also reflects the high degree of trust to meet unexpected problems in the banking system in the UK while taking the most possible precautions in Egypt. The percentage of the loans to the deposits in Egypt was 86%, while it was 109% in the UK, at the same time the percentage of the loans to the total assets in Egypt was 56%, while it was 97% in the UK.

In conclusion the previous tables give support to the argument of large differences between the two studied countries, which supports the decision of selecting Egypt and the UK in testing the universality of the suggested framework.

5.5 Small Businesses in Egypt and the UK

Before discussing the importance of small business and why this segment of the banking market had been chosen for this research, the definition of a small business should be presented first. It is very difficult to find an acceptable definition of the small business world-wide, as within the same country a number of definitions could be used by different governmental agencies. For example the small business administration (SBA), founded by the USA government in 1953 for the purpose of providing intermediate to long-term financing for small businesses that could not

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[*] Source of the Egyptian data is; Central Bank of Egypt (1999) and source of the UK data is: Bank of England (2000).

obtain money on reasonable terms elsewhere, has different definitions of small business depending on their main business category (manufacturer, retail, wholesale etc.) (Buckley, 1998). Another example of the difficulties in finding an acceptable definition of the small business could be found in the UK case as the Bank of England (2000) noted that there is no single definition of a small business adopted across the UK. As the Department of Trade and Industry has a definition that is based only on number of employees, while both the governmental schemes as well as the Companies Act use different multiple criteria in defining a small business, i.e. turnover, balance sheet size, number of employees and percentage of independence.

Two main directions could be found in defining a small business. The first one depends on quantitative criteria, while the second one depends on qualitative criteria. Of the first direction, the quantitative criteria, a number of sub-directions could be identified for example the number of employees, suggesting that the small business' number of employees range between 10-50 (Bank of England, 2000). Another sub-direction is merely depending on the company's sales, i.e. small business' sales range between $1 million to $5 million (Buerger and Ulrich 1986; Schlesinger et al 1987; Nielsen et al 1995). The UK Companies Act uses three quantitative criteria at the same time, turnover (max £2.8 mill), balance sheet size (max £1.4 mill) and employee numbers (max 50), while the European Commission adds an independence criteria to be max 25% (the maximum percentage that is to be owned by one) (Bank of England, 2000). The second main direction in defining the small business is mainly depending on criteria like smaller relative size compared to the market, managed by the owner and not being part of a large enterprise (Barrow, 1998).

As had been explained the UK adopts different quantitative definition ranges from depending merely on the number of employees to depending on number of employees, turnover, balance sheet and independence criteria. In Egypt the Egyptian Ministry of Economy adopts the number of employees and/or the loan size to the company view as it defines the small business as having *"10-49 employees and/or loan size of LE 20,000 to LE 99,000"*.

In conducting this cross-national research between Egypt and the UK the researcher decided to depend solely on the number of employees in defining the small business, i.e. small businesses are companies employing between 10-50 employees. This decision was based on two main reasons. The first one is that incorporating any monetary criteria will result in huge problems regarding the exchange rates, the

inflation rates and real purchasing power of money. The second reason is that depending on the qualitative criteria will results in a more subjective definition to the small business companies, which will lack comparison between the two countries, although it is one of the main objectives of this research. But it should be noted that sole dependence on the number of employees is not free of problems, as this cut-off point (10-50) is somehow ambiguous. It could be argued that for example companies employing 55 employees does not vary to a large extent from companies employing 48 employees and companies employing 9 employees do not vary as well from those employing 11, although they are going to be grouped under different business sizes groups. The second problem relating to the use of number of employees as a sole definition of the small business is that a counter argument might be raised suggesting that this choice should lead to a larger size of UK business companies compared to the Egyptian business companies. It could be argued because of the difference in economic stages the UK companies are more capital intensive, i.e. it is expected that for two companies having the same number of employees in Egypt and the UK, the UK company will be bigger compared to the Egyptian counterpart as the UK companies are more capital intensive. But the selection of the number of employees seems to be the less problem criteria in defining the small business for this research.

In general the importance of small businesses to the economy is well demonstrated in the literature, as it includes responsiveness to change, a major source of innovation and private wealth, job creation and significant contribution to the gross national product (File and Prince 1992; Buckley 1998). Although in banking the importance of the small business customers segment is documented, as research suggest that small business customers are unlike retail customers where only the top customers are profitable, more than three-quarters of small business customers are profitable over a three-year period, and they depend on banks for short and long-term finance. This represents a very good and less risky chance for banks to expand their market and should lead in the end to help in building the local economy. This in turn benefit the banks, as loans and deposits grow (Buerger and Ulrich 1986; Austerberry et al 1997; Athanassopoulos and Labroukos 1999). But the small business are not free of problems as Binks and Gibbs (1997) explained that small businesses suffer from disadvantages like access to finance, impact of legislation, administration, management skills, training and learning and market volatility.

As the importance of small businesses to the economy in general and to the banks in particular had just been highlighted, here comes an answer to another important question. That is why small business customers had been chosen as a research population for this research? One answer to such a question lays in the explanation that had been just made about the importance of the small business to the economy and the banks. Another answer is because the small business customers are considered an ignored segment in relation to the number of researches in comparison with the retail customers (Freeman and Turner 1990; Chaston 1993; Nielsen 1995). Finally the choice of the small business segment gives support to argue the universality of the selection criteria framework, if it is proved it works in a similar way in both countries. Some might argue if the large corporation had been chosen for this research that the attitudes of these large corporations is expected to be similar especially where most of them work on a multinational level, has branches over many countries and do banking operations outside their home base. As such it is to a great extent similar across nationalities, but small business customers are more "cultural bounded", i.e. the environment has a larger impact on small businesses and this could be seen in the differences between countries in the definition adopted of a small business.

Finally regarding the current state of the small business in both countries, tables (5.6) and (5.7) summarise a number of main statistics about the small business companies.

Table (5.6) Small business' number, employees and loans

Factor	Egypt[*]	UK[†]
- Number of business	30134	162000
- Number of employees (millions)	1.308	3.976
- Loans (LE billions and £ billions)	.165	37

The previous table shows that the number of small businesses in Egypt is almost .19 of the UK small business number, but the number of employees in this segment in Egypt is about .33 of the UK number of employees. This in a part of it, supports the argument that small businesses in Egypt are more labour intensive compared to the

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[*] Sources of the Egyptian data are: Nathan Associates (1997) and CAPMS (1997).
[†] Source of the UK data is Bank of England (2000).

UK counterparts. Regarding the size of bank loans to the small business the statistics show the difference in this area as the loans to the small business customers in Egypt is about .004 of the loans to the small business in the UK and when this figures are adjusted foe the currency exchange rate becomes about .0008.

Table (5.7) Small business activities

Sector	Egypt[*] %	UK[†] %
Manufacturing	16.5	9
Constructions	.8	20
Wholesale/ retail/ repair	58.8	15
Services	.17	41
Others	6.9	15
Total	100%	100%

One can notice main differences in the small business structure according to the type of activity between the two countries, but two main points should be mentioned here. The first one is regarding the constructions companies as this industry in Egypt is mainly dominated by large corporations. The second point is regarding the wholesaler/ retailer/repair business as in Egypt the majority of people still depend on the local shops for their needs of groceries and convenient good and the big supermarket chains is a new phenomenon in the Egyptian market.

In conclusion these differences between the Egyptian and UK small business enhance the argument of their suitability for the objective of this research.

5.6 Conclusion

This chapter tried to present a picture of the two countries under study in this research. This had been done for two reasons. The first one is to increase the reader's familiarity with those two countries, which should results in a better understanding of the situation in both countries. The second reason is to show the differences in almost every aspect between the two countries, which enhance their suitability for trying to

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[*] Source of the Egyptian statistics is CAPMS (1997), it represents the total number of companies that work in Egypt
[†] Source of the UK data is Bank of England (2000)

develop a universal framework of the selection criteria for small business customers, as suggested in the literature.

This chapter begins with clarification of why those two countries had been chosen for this research. Then the culture differences between the two countries was presented depending on the Hofstede (1983) study on the 50 countries and 3 regions. The main economic figures of both countries were presented, which again emphasised the great differences between the two countries. This was followed by a presentation of the banking market in both countries and finally the small business customers in general and in both countries in particular are discussed after explaining the logic behind depending on the numbers of employees as a sole definition of the small business customers. It should be noted that all the comparisons made between Egypt and the UK suggest their suitability for the universality development objective.

Chapter Six
The Research Methodology

6.1 Introduction

This chapter will try to give a complete picture of the procedures that had been taken into consideration before, during and after data collection in order to ensure that the results of this research are methodologically safe and sound. Before start discussing these procedures a number of points regarding this type of methodology should be highlighted.

1- What title should be given to such a research comparing between two countries? Is it cross-cultural, cross-national, foreign, international, or multinational research? To some extent one can find a consensus among researchers that there are different meanings to each term (Malhotra et al 1996; Berry 1980; Reynolds 1999). Cross-cultural means that the research should be conducted across different cultural groups, even within the same country, although Berry (1980) pointed out that research studies across countries might be regarded as cross-cultural, but research across provinces or ethnic groups should not be considered so. Cross-national means that the research is conducted across different nations, regardless of how similar these nations might be. Foreign research means that the research is conducted in a country other than the country of the organisation (person) doing the research. International research means that the research is dealing with an international issue and it does not necessarily mean that this research involves more than one country. Multinational research means that research is conducted across more than two countries. Although one might argue that these are just titles and we should not busy ourselves with it too much, but the title gives the first impression about what the contents would be. The terms cross-national and cross-cultural are always interchanged in previous research (Edgett and Cullen 1993; Winsted 1997) but in order to be consistent this research will be referred to as a cross-national research, since it compares between Egypt and UK.

2- Nath (1968) indicated that one could distinguish between four types of cross-cultural (national) research. The first one is a documentary study that is based on

a comparative analysis of existing records. The second one is the current statistics studies, which are based on a comparative analysis of data collected and classified by regularly operating statistical agencies. The third type is field studies that are based on a comparative analysis of data specifically collected for this comparative purpose, and it is divided into: impressionistic (impressions during short stay), long term observations, interviews (open-ended and semi-structured), and case collection. The fourth type is survey studies, which are also a type of field study, but through administration of standardised interviews or questionnaires, and it is sub-divided into polling (where data are collected from large scale national samples) and the social-psychological survey (where data are collected from relatively small but carefully selected samples). The fifth type of cross-cultural (national) research is experimental studies, which are based on data from experiments or laboratory experiments. By going through this methodology chapter it will be obvious that this research is of survey studies, in polling nature.

3- Green and White (1976, P81) made a comment on the lack of cross-cultural (national) consumer research: *"Most of the research in the area has one common limitation: it is culture bound... more cross-national research should be conducted"*. In supporting this argument Zaichkowsky and Sood (1989) noted that little has been done to examine the effects of culture on buyer perceptions and behaviour cross-nationally. Again Winsted (1997) observed that very little research has examined the international marketing of services and that the few comparative studies done have generally studied very similar cultures. Durvasula et al (1993) argue that the marketing literature is still in need of cross-national research to investigate the applicability of constructs and models developed in western countries. Finally Reynolds (2000) demonstrated that marketing research agencies do not always follow the most rigorous methodology for cross-national marketing research. Although an increasing amount of cross-national research has been conducted during the last decade, a high percentage of these research had failed to highlight the cross-national research issues, and only emphasised the most common issue, which is translation (Ghosh and Taylor 1999; Ford et al 1999; Edgett and Cullen 1993; Akaah et al 1988; Winsted 1997; Humphreys 1996; Burt and Carralero-Encinas 2000). These research implicitly assumed that there is not any other cross-national issue relating to the problem under

investigation, which might or might not be true, but these issues should be presented even for the sake of argument that the problem under study is free of cross-national research issues (problems).

4- The lack of applying safe and sound cross-national research methodology had made Mintu et al (1994) ask researchers who engage in cross-national research to apply an extension of the Churchill's research paradigm, which will be more suitable for these types of research. This extension, or extra steps (according to their opinion), will make sure that the differences in the results are due to real differences in the nations (cultures) under study and not due inequivalence of the research methodology. They presented their extension in the following figure (6.1).

Figure (6.1) An extension of Churchill's research paradigm: An application of the concept of equivalence
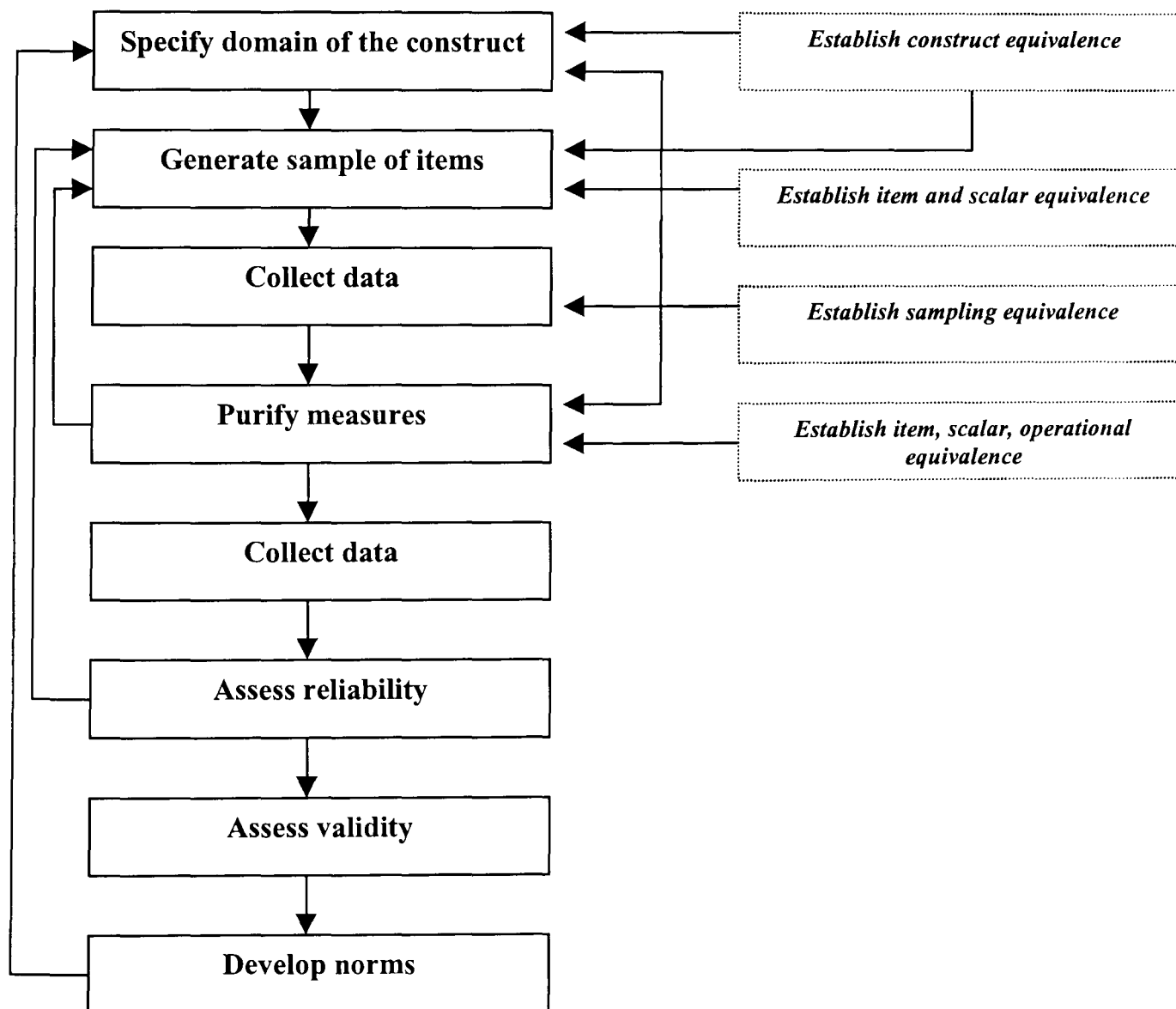
Source: Mintu et al (1994), P15

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To summarise, it is of great importance to ensure that any differences manifested between the cultures (nations) are not due to failure of the tests to provide equivalence, but due to actual differences. So this chapter will start with a general review of the cross cultural problems, followed by a discussion of the data collection methods and the questionnaire design, then the sampling issue followed by reporting of what actually happen in collecting the data and finally the chapter conclusion.

6.2 Cross-National Research Issues

The cross-national (culture) research issues fall into two main groups, the first one dealing with the comparability problem and the second dealing with the equivalence problem. Figure (6.2) summarises these issues and divides them into groups and sub-groups.

Starting with the comparability problem, which occurs as a result that each nation (culture) has its unique socio-cultural behaviour patterns and values, consequently the same constructs may vary across nations i.e. they might not be comparable across nations. A lot of research (Craig and Douglas 2000; Douglas et al 1994; Davidson et al 1976; Malhotra et al 1996) had adopted the distinction made by Pike (1966) and then Berry (1969, 1989) between "Emic" and "Etic" approaches. The Emic approach argues that behaviour is unique to one culture and it should be studied within that culture, whereas the Etic approach argues that behaviour might be considered universal and the researcher could study and compare more than one culture at a time. Berry (1969, 1989) suggested that one could move from the Emic approach to the derived Etic approach by first describing concepts in a tentative way that might show the same application in different cultures (imposed Etic). Then modifying this "imposed Etic" to the extent that it becomes an adequate description form within the other culture "Emic" and by then new shared categories could be identified that are valid for both cultures "derived Etic", and that is what all cross-national researchers should base their work on. The transfer (move) from Emic to derived Etic is represented in figure (6.3).

Figure (6.2) The cross-national research issues
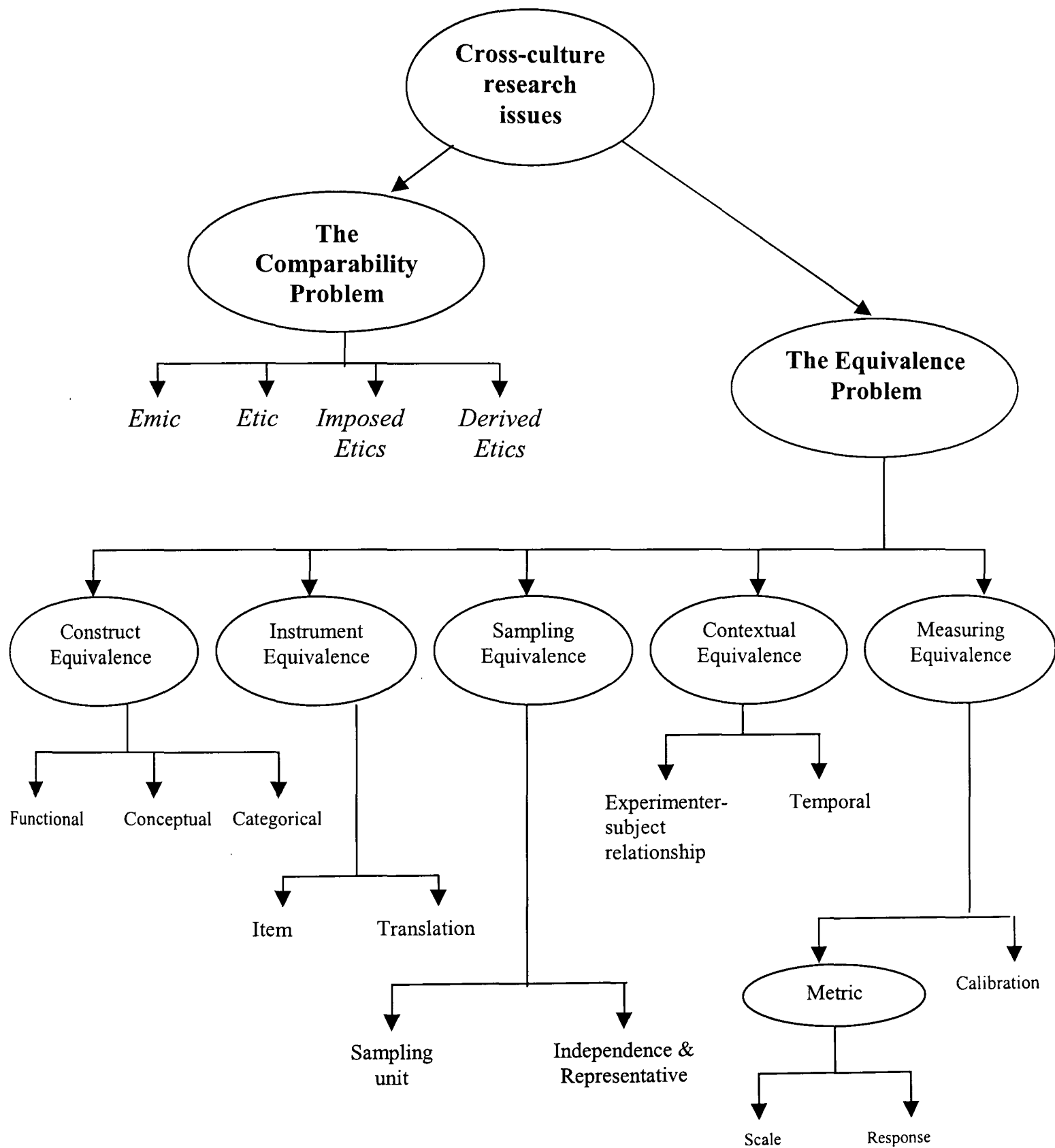
Source: Compiled by the researcher

Figure (6.3) Steps in operationalising Emics and Etics

Research step	Research activity	Country A	Country B
1	Begin research in own culture		
2	Transport to other culture		
3	Discover other culture		
4	Compare two cultures		
5.1	Comparison not possible		
5.2	Comparison possible		
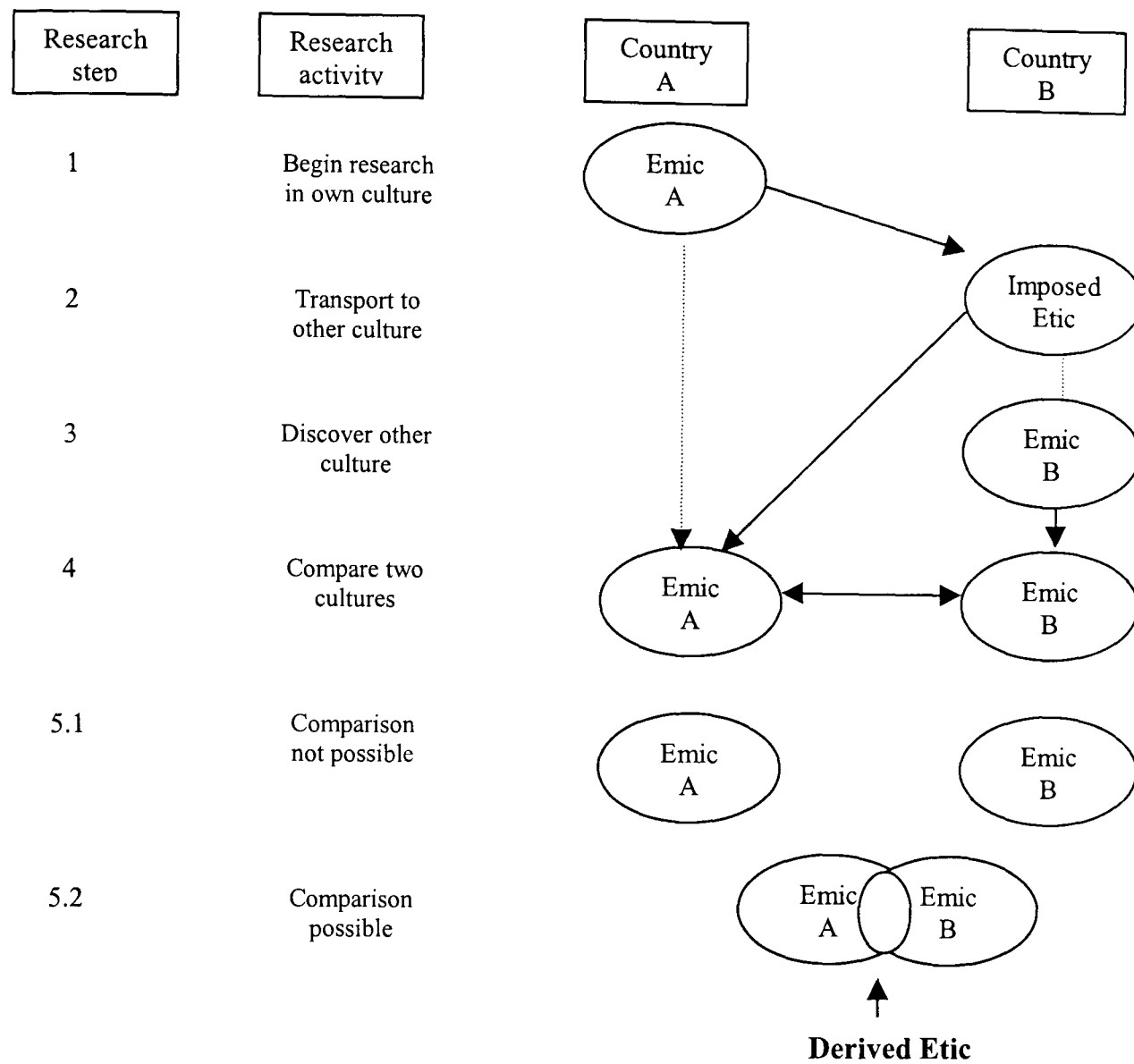
Source: Berry (1989), P730

The second cross-culture issue is the equivalence, which is divided into five main components: construct, instrument, contextual, sampling and measuring equivalence.

1- Construct equivalence: this problem, in addition to the translation problem, is the most recognisable cross-national research problems, since one can find arguments about the construct equivalence in most of the texts and article discussing the cross-national research problems (Vijver and Leung 1997; Singh 1995; Craig and Douglas 2000, Butcher and Han 1996; Bhalla and Lynn 1987; Frijda and Jahoda 1966; Hui and Triandis 1985; Peng et al 1991; Reynolds 1999; Sekaran 1983; Mintu et al 1994; Cavusgil and Das 1997; Berry 1989; Malhotra et al 1996; Green and White 1976). In order to ensure the construct equivalence

three sub-groups should be examined, which are functional, conceptual, and categorical equivalence:

a- Functional equivalence: searching whether the same concept has been used for (performing) the same function across the nations studied (for example bicycles are used as a means of transportation not just for fun).

b- Conceptual equivalence: searching whether the interpretation of the concept under study in the different nations is similar (i.e. exists and is expressed in a similar way).

c- Categorical equivalence: searching whether the concept follows the same classification scheme in the nations under study (for example, soft drinks category might group different products in different countries).

2- Instrument equivalence: deals with the most performed step in all cross-national research, which is translation equivalence in addition to another type of equivalence which is item equivalence:

a- Item equivalence: tries to ensure that every item of the instrument is measured equally across the nations under study, i.e. using the same question to measure the needed item (Bhalla and Lynn 1987; Hui and Triandis 1985; Reynolds 1999; Malhotra et al 1996).

b- Translation equivalence: as noted before, this is the most performed step in cross-national research, since no-one can start collecting data in another country before translating the instrument and ensuring the translation equivalence of both versions of the instrument (Craig and Douglas 2000; Bhalla and Lynn 1987; Hui and Triandis 1985; Reynolds 1999; Malhotra et al 1996, Frijda and Jahoda 1966; Hambleton and Kanjee 1995; Mullen 1995; Mintu et al 1994, Green and White 1976).

3- Contextual equivalence: this type of equivalence deals with two issues surrounding the data collection using the equivalent instrument (as discussed in the previous step). It is divided into two sub-problems:

a- Experimenter-subject relationship equivalence: that is to ensure that the data collection situation is equivalent across nations under study; for example, the type of the interviewer might cause some bias in certain cultures (Frijda and Jahoda 1966; Sekaran 1983; Reynolds 1999).

b- Temporal equivalence: that is to ensure that data collection should be completed within acceptable time frames from the nations under study, as

different timing of data collection might cause different results (Sekaran 1983; Malhotra et al 1996; Reynolds 1999).

4- Sampling equivalence: here the objective is to ensure that the samples drawn from the nations under study are equivalent regarding two things:

    a- Sampling unit equivalence: the researcher should select sampling units that possess the needed information from the nations under study, since in some cases the same sampling unit in different nations might not have the needed information. For example housewives do not have the same role in purchasing decisions of certain types of goods in different nations (Craig and Douglas 2000; Mintu et al 1994; Reynolds 1999).

    b- Independence and representativeness: the research should try to establish equivalent sample independence and representativeness in the nations under study, i.e. the samples should have a similar degree of independence and they should be considered representative of their own nation (Craig and Douglas 2000; Reynolds 1999), but this should be done bearing in mind the remark made by Lonner and Berry (1986) that maximising representativeness within usually means minimising equivalence between, and vice versa.

5- Measurement equivalence: this is the last type of equivalence and it is highly interrelated with the construct equivalence in order to ensure that the measures adopted are an operational definition of the construct. A lot of research had distinguished between two main components of measurement equivalence, the metric and calibration (Vijver and Leung 1987; Craig and Douglas 2000, Butcher and Han 1987; Bhalla and Lynn 1987; Hui and Traindis 1985; Peng et al 1991; Mullen 1995; Malhotra et al 1996; Reynolds 1999)

    a- The metric: this is interested in examining whether the scores obtained from responders in different nations have the same meaning and interpretation. It is then divided into two issues:

        a.1- The scale equivalence: examines whether subjects in one nation systematically differ in the way they respond to a scale of an item, i.e. this scale is not cross-nationally valid.

        a.2- The response equivalence: searches whether there is any inconsistent scoring across any nation due to cultural characteristics, i.e. subjects from different countries with the same value on a construct will score the same level.

b- The calibration equivalence: which tries to examine whether the units of measurement are the same in different cultures, i.e. the calibration systems even in perceptual cues are equivalent, for example prices in high inflation countries should not be compared to prices in low inflation countries unless some adjustments have been made (Usunier, 1993).

In an attempt to sum up the previous discussion Vijver and Hambleton (1996), Vijver and Leung (1997), and Vijver and Poortinga (1997) presented their argument about the different types of bias in cross-national research. They defined three different types of bias in cross-national research:

1- The Construct bias: meaning that the construct measured differs to a substantial degree across nations.

2- The Method bias: meaning that some cultural factors that are not relevant to the construct studied affect most or all items of a test in differential ways across the nations studied.

3- The Item bias: it refers to instrument anomalies at the item level due to poor wording, inappropriateness of item content in a cultural group and inaccurate translation.

Craig and Douglas (2000) added another type of bias to the previous set, which is cultural bias that occurs due to the participation and involvement of researchers from different cultures leading to some misunderstanding and misinterpretation. It should be noted that Malpass and Poortinga (1986) attempted to present types of bias before Vijver and his colleagues did, but in an elementary way. They present three types of bias that are: Stimulus bias (i.e. the stimuli in an instrument do not form a representative sample from the universe of generalisation), Method bias (i.e. ambient variables such as interviewer-subject interaction have led to cross-national differences in the results and Universes bias (i.e. the results obtained from or generalised to non-identical universes).

After presenting these issues and problems in a general way, one can conclude that cross-national research methodology does not mean just translating the research instrument in order to collect the data, but it means that a lot of issues had to be taken into consideration to ensure its equivalence before, during and after conducting the field study, and before concluding that there are any similarities or differences between the nations studied. These issues and problems will be soon discussed but in a

specific way to show how this research handled every issue in order to ensure the comparability and establish equivalence between both studied countries.

6.3 Data Collection Means

Firstly it should be noted that Sanders (1994), when reviewing the previous cross-national research noted that (P515) *"The most commonly used device for assessing either behavioural or attitudinal questions is the sample survey"*. Churchill (1999) pointed out that there are three main decisions to be taken when deciding the means of collecting the primary data, which are: degree of structure, degree of disguise and method of administration. But before discussing why the structured questionnaire had been chosen as the data collection instrument, why the undisguised type had been adopted, and why mail in the UK and drop-off in Egypt had been chosen as data collection methods for this research, two issues of the cross-national research issues have to be raised. Those are the comparability problem and the construct equivalence, since the other cross-national issues will be discussed each in its relating section, i.e. instrument equivalence in questionnaire design, sampling equivalence in sampling issue, contextual equivalence in data collection, and lastly measuring equivalence in chapter seven (data analysis).

Starting with presenting how this research ensured that the bank selection decision for small business customers is not of Emic type, it is possible to identify shared categories that are valid for both nations "derived Etic", which is the base for conducting cross-national research. The steps in operationalising Emics and Etics developed by Berry (1969, 1989) had to be followed. Figure (6.4) summarises the adoption of these steps, as the research started by reviewing the literature on the decision of bank selection for small business customers, which always had been done in western countries, particularly in the USA and the UK. Ending with the development of a conceptual framework of the bank selection criteria for the small business customers. Before developing this conceptual framework the first wave of the exploratory pilot interviews had been conducted in Egypt (five pilot interviews) in order to capture the main themes of the bank selection criteria for the Egyptian small business companies (as explained in chapter four). Two more sets of detailed pilot interviews had been conducted in the UK and Egypt (the second wave of the pilot interviews) in order to come up with two Emic views of the selection criteria in both

Egypt and the UK, and to develop the hypotheses (as explained in chapter four). Finally those two Emic views represented in the response to the structured questionnaire had to be compared to come up with the shared categories (derived Etic).

Figure (6.4) From Emics to derived Etics

Research step	Research activity	Country UK	Country Egypt

1 — Begin research in own culture — The conceptual framework of selection criteria

2 — Transport to other culture — Piloting 1st wave

3 — Discover other culture — Piloting 2nd wave — Piloting 2nd wave

4 — Compare two cultures — Emic UK ↔ Emic Egypt

5.1 — Comparison not possible — Emic UK — Emic Egypt

5.2 — Comparison possible — Emic UK / Emic Egypt → Derived Etic

Source: Compiled by the researcher [based on Berry (1989) P730]

The second issue is ensuring the establishment of the construct equivalence, i.e. the functional, conceptual and categorical equivalence of the constructs measured in this research. As for this type of equivalence it was relatively easy to propose that the equivalence is established. This was mainly based on what could be found in the literature and the results of the two exploratory pilot interviews as well. The literature

done in different countries (see tables 3.1 and 3.2) propose that functionally, conceptually or even categorically there is no equivalence problem regarding the issue of bank relationship and selection, as no matter what type of economic philosophy, economic stage of development or geographical place of the country these issues exist and the banks perform similar functions. Malhotra et al (1996) emphasised this idea when they argued that the equivalence exists when the behaviour in question has developed in response to a problem shared by two or more cultures, even though the behaviour in one culture may be superficially quite different from the behaviour in another. On the other hand the exploratory pilot interviews showed that the issue of the bank selection as well as the relationship between the bank and its small business customers exist in both countries under study and a number of similarities had been suggested, which give more support to the construct equivalence (see chapter three). Based on that the researcher could argue that there is no major problem regarding the functional, conceptual or categorical equivalence in the issues under investigation in this research.

After addressing the first two main issues of cross-national research (comparability and construct equivalence) one could start discussing the data collection means. Regarding why the structured questionnaire had been chosen as the data collection instrument for this research, the answer could be explained in the following points:

1- Most of the data needed for the research were of attitude type, and Churchill (1999) pointed out that attitude, opinions, awareness, intentions, motivation and even behaviour may all be ascertained by communication methods keeping in mind that there might be some problems with the accuracy of the replies. Observation on the other hand is limited in scope to providing information about behaviour and certain demographic characteristics.

2- Of communication methods the questionnaire was preferable over interviews for different reasons. Previous research in the area had successfully captured the needed data by self-administrated questionnaire (Mols et al 1997; Edris and Almahmeed 1997; Zineldin 1995; File and Prince 1991). Due to the financial and timing constrains, as trying to achieve the objectives of this research requires a large sample (Nath, 1968) which could not be done by using interviews due to these limitations.

3- The structured type of questionnaire, rather than the unstructured type, was selected for a number of reasons. Firstly in order to achieve the main objectives

of this research, which are defining similarities and differences between the small business customers in Egypt and the UK, the structured format had to be adopted, which should facilitate such a comparison. Secondly in order to overcome two of the main disadvantages of using the mail as a method of administrating the questionnaire (this will be explained shortly), which is low response rate and time consuming (Aaker et al, 1998). Parasuraman (1991) pointed out that the structured questionnaires are more respondent-convenient in terms of time needed to respond and ease of responding, which should help in increasing the response rate. Thirdly the open-ended format had been adopted in order to make a balance between the advantages of using the structured type and the need to follow the recommendation of the cross-national methodology researcher, which suggest the suitability of open-ended questions to such type of research in order to ensure that nothing had been missed out (Craig and Douglas 2000; Vijver and Leung 1997; Malhotra et al 1996).

4- The undisguised type of questions were used, as this type of questions is preferable over the disguised type unless the needed data are of a sensitive and embarrassing type to the respondent, in which case the disguised type would be more preferable over the undisguised (Parasuraman, 1991). The exploratory pilot interviews were used to ensure that none of the questions asked are of a sensitive or embarrassing type. Therefore it was found that such a problem does not exist and the undisguised type could be used.

5- Finally the self-administrated questionnaire was used by mail in the UK and by drop-off in Egypt. A number of reasons had pushed in the direction of using different administration methods in both countries. Firstly the use of those different techniques does not suggest any effect on the reliability (as will be explained in detail in chapter eight), as the only difference between the two techniques comes in the method of sending and receiving back the questionnaire. As Aaker et al (1998) explained, the drop-off technique overcame two main disadvantages of the mail survey, which are low response rate and time consuming, as it increases the response rate and at the same time shortens the survey period, but it suffers from a disadvantage compared to the mail survey, which is relatively higher cost per respondent. Apart from that both the techniques have the same advantages and disadvantages (Aaker et al 1998; McDaniel and Gates 1999) (see table 6.1). Secondly the mail system in Egypt is

not working properly, which suggests the inefficiency of using it as a method of administration. Thirdly the research population in Egypt is concentrated in Cairo (as previously explained) whereas the UK sample is distributed nationally. Hence the drop-off technique is more suitable in Egypt (Aaker et al 1998). Finally previous research had successfully used the two methods of administration to conduct a cross-national marketing research in Egypt and the USA (Al-Khatib et al 1996).

Table (6.1) Advantages and disadvantages of mail questionnaires

Advantages	Disadvantages
- *Low cost per respondent*	- Low Flexibility
- No interviewer bias	- Low ability to handle complex questions
- Large sample size	- *Low response rate*
- Broad range of data	- *Time consuming*

In conclusion this research had adopted the mixed research methods approach (the dominant-less dominant technique). It conducted three waves of data collection. The first one was semi-structured undisguised personal interviews in Egypt to help in developing the conceptual framework. The second was semi-structured undisguised personal interviews as well but in Egypt and the UK to develop the hypotheses. The last wave was of a structured, undisguised and mail/drop-off questionnaire to test the hypotheses and describe the characteristics of the two groups.

6.4   The Questionnaire Design

As a cross-national research, the issues of instrument equivalence (item and translation) should be highlighted before discussing the basis for developing the questionnaire. As explained before, item equivalence means that the instruments used in the different cultures have to be identical, i.e. each item should have the same meaning for all the subjects from the different studied cultures otherwise the results could not be compared and may produce misleading results. In order to ensure this item equivalence the questionnaire had to be piloted on several iterations in the two studied countries before actually using it in data collection. Both Bagozzi (1996) and

Williams (1986) explained that there are two types of piloting, academic piloting and questionnaire piloting. Starting with academic piloting, this is designed to provide data for the development of measuring scales, Bagozzi (1996) suggested that the questionnaire should be reviewed first by a group of experts who are knowledgeable about the theory that is going to be tested and the general methodology used in the study. This had been done by four academic staff in the UK, who were monolingual (English), and three academic staff in Egypt who were bilingual (Arabic and English). Questionnaire piloting, which is designed to ensure the efficiency of the questions, had been conducted by performing two waves of piloting the questionnaire on a small number of respondents in the UK (four in the first, and three in the second). In Egypt it was three waves of questionnaire piloting (five in the first, three in the second and two in the third) till the questionnaire reached its final format. Bagozzi (1996) indicated that the critical review process might include a pilot test of the questionnaire on a small number of respondents, between five to ten, and Reynolds et al (1993) supported the idea of using such a number in piloting the questionnaire. The results of this process suggested that all the items in the questionnaire are supposed to be equal, except two items, which have to be adjusted according to each country. The first one was question No. 9 asking about the number of times that the respondent sees his bank account manger. It had to be asked "in each year" in the UK but "in each month" in Egypt as the results of exploratory interviews and the piloting process showed that this has to be done otherwise the answers will be misleading because of the more frequent contacts between the customers and their banks in Egypt. The second item was question No. 16 point 2 asking about the educational level. Since different educational systems are applied in both countries, this question has to be adjusted according to each system. Apart from that all the items in the questionnaire are arguably equal.

Regarding how this research ensured the translation equivalence, the researcher has adopted the most conservative procedures to ensure such equivalence. These procedures, as explained by Brislin (1986) are based on the back translation method but it requires that a monolingual in the target language (in this case Arabic) to be used to ensure that the translation made is appropriate regardless of what was in the questionnaire in its original language. So it becomes easier for the sample units in the other country to understand its contents, figure (6.5) explain these procedures, while figure (6.6) describes the actual back translation procedures adopted in this research.

Figure (6.5) The back translation procedures

Original   Target   Target   Original
(Rewrite)

Bilingual   Monolingual   Bilingual
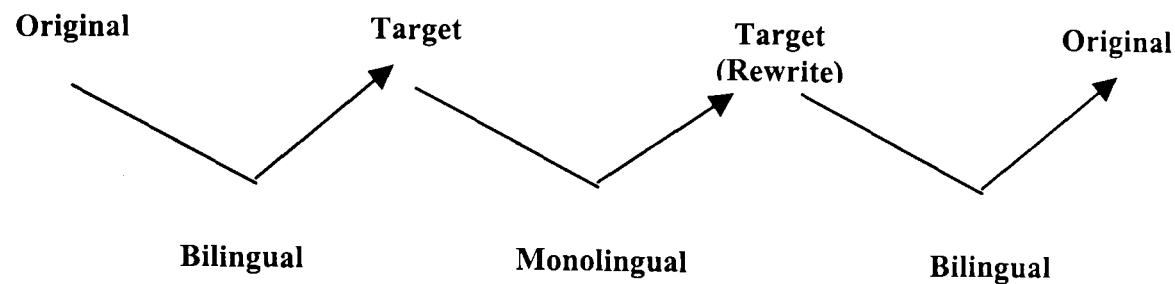
Source: Brislin (1986), P162

Figure (6.6) This research translation procedures

Original   Target   Target   Original   Target   Original
(Rewrite)

Bilingual 1   Monolingual   Bilingual 2   Bilingual 3   Bilingual 4
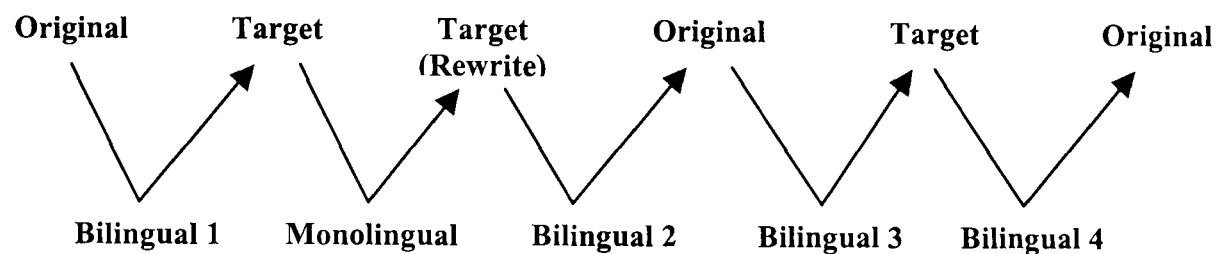
It should be noted that translation equivalence will not be established depending only on the translation procedures, but a number of guidelines had been presented in the literature in order to ensure such equivalence while translating the questionnaires. Of these guidelines, which the researcher tried to follow, using of short simple statements, employing an active rather than a passive voice, repeating nouns instead of using pronouns, avoiding metaphors and colloquialisms ...etc (for more details about these guidelines see: Vijver and Leung 1997; Vijver and Hambeleton; Brislin 1986).

After explaining how the issue of instrument equivalence was handled in this research, the issues of questionnaire design could be discussed. Bagozzi (1996) pointed out that the questionnaire design and development is part art and part science, with the balance tipped toward the former. Based on this the guidelines of questionnaire development and design presented in most of the methodology texts had been followed in order to help in building it (see for example: McDaniel and Gates 1999; Churchill 1999; Aaker et al 1998; Diamantopoulos and Schlegelmilch 1996). The questionnaire was developed to provide four types of data:

1- Data about the banking behaviour of the respondent, including number of banks he/she deals with, reasons for selecting his current bank, period of relationship

with the bank, the services used, the method used in contacting the bank and number of times that he/she meet the bank account manager.

2- Data related to the degree of importance of his/her bank selection criteria and to what extent these factors are similar between different banks' offers.

3- Data related to his/her degree of satisfaction with the bank and the reason for switching bank.

4- Company-related and personal-related data such as business activity, number of employees, company's age and growth expectations.

The questionnaire was of fixed alternative questions, i.e. a list of possible answers for each question had been included, and in most of the cases of scale type. As the literature on methodology (Churchill 1999; McDaniel and Gates 1999) suggests that the fixed alternative type is much easier for respondents to answer as alternative answers jog the respondent's memory and provide a more realistic response (which was a crucial point in order to increase the response rate in the mail survey). It should be handled with care in order not to miss one of the alternative answers, which will result in misleading findings. So one of the objectives of the two waves of the exploratory pilot interviews was to try to capture all the possible alternative answers to the questions under study. Most of the questions were open-ended, i.e. supplied with an "others please specify" option, as it is recommended in the cross-national research methodology since it is more appropriate and gives a second chance if something is missed-out (Craig and Douglas 2000; Vijver and Leung 1997).

Of scale-response question, the Likert-type scale was used, as McDaniel and Gates (1999) pointed out that it has the ability to capture the needed data about attitude and almost all the previous research in the selection decision whether it was on business or personal customers had successfully used the Likert scale (Turnbull and Gibbs 1989; Chan and Ma 1990; File and Prince 1991; Zineldin 1995; Edris and Almahameed 1997; Mols et al 1997; Ulengin 1998; Yavas and Shemwell 1996; Thwaites and Vere 1995).

On deciding the number of points to be included in the scale, one can see a consensus in the literature that points of a scale should range from five to nine points (Churchill 1999; McDaniel and Gates 1996; Aaker et al 1998). Green and Rao (1970) argue that three point scales and under as well as eight point scales and over are not good enough (scales with three or less points as well as scales with eight or more points). It had been decided to use the seven point scale for a number of reasons.

Firstly it had been argued that it is almost as great as that with a continuous scale (Ramasy, 1973). Secondly it is the most used number of scale points in the literature for measuring the selection criteria (Edris and Almahmeed 1997; Zineldin 1995; Moutinho and Meidan 1989). Thirdly Bruner and Hensel (1992) in their work to collect all the recommended marketing scales, they argue that the seven point Likert scale should be used in the studies investigating the attitude toward purchasing products.

The measurement of the constructs throughout the questionnaire as well as the necessity of each question are detailed in the following presentation:

- Q1: an introductory question that tries to define the split-banking behaviour for small business customers in Egypt and the UK (Turnbull 1983; Turnbull 1984a; Chan and Ma 1990; File and Prince 1991; Zineldin 1995; Turnbull and Moustakatos 1996; Gerrard and Cunningham 1999).

- Q2 and Q3: directly linked to Q1 and try to define the reasons for split banking behaviour for small business customers in Egypt and the UK (Teas 1988; Denton and Chan 1991; Turnbull 1984a)

- Q4 and Q5: continuing the opening questions, which try to define the degree of relationship stability for small business customers and their banks in Egypt and the UK (Athanassopoulos 2000; Forum of private business 1994)

- Q6 and Q7: continuing the opening questions, which tries to define the structure of the services used by small business customers in Egypt and the UK.

- Q8 and Q9: end of the opening questions. They try to define the modes of contacting the bank and its regularity by small business customers in Egypt and the UK.

- Q10: the core of the questionnaire that tries to define the bank selection criteria of the small business customers in Egypt and the UK (Turnbull 1984a; Turnbull 1984b; Channon 1986; Turnbull and Gibbs 1989; Chan and Ma 1990; File and Prince 1991; Zineldin 1995; Edris and Almahmeed 1997; Mols et al 1997; the results of the exploratory pilot interviews)

- Q11: the core of the questionnaire that tries to define the extent to which the selection criteria are similar between different bank offers in each country (Edris and Almahmeed 1997; Zineldin 1996; Loundon and Bitta 1993; Leonard and Spencer 1991)

- Q12: tries to summarise Q10 and get confirmation of the underlying dimensions controlling the selection criteria in both countries.

- Q13: tries to define the needed level of each of the main sub-dimensions of the selection criteria framework in each of the two countries (based on the argument made earlier in chapter two section 2.7, Myers 1996)

- Q14: tries to define the degree of satisfaction with the main bank for small business customers in Egypt and the UK.

- Q15: tries to define the reasons for small business customers to switch their main bank in Egypt and the UK, which might act as a proxy of the minimum level of post-purchase attributes until a further detailed study be done about these post-purchase attributes and to investigate how it could be linked with the pre-purchase criteria as well as use it as a segmentation basis (Buerger and Ulrich 1986; Chan and Ma 1990; Smith 1989)

- Q16: the personal-related and company-related characteristics of the respondent that tries to define any effect of it on the selection criteria of small business customers and to us it in building a profile for different small business customers clusters in Egypt and UK (Zineldin 1995; Kennington et al 1996; File and Prince 1991; Hegazy 1995; Cheron et al 1989; Denton and Chan 1991).

On deciding the wording of the questions, a number of precautions had been adopted in order to ensure the suitability of the wording. First a number of previous questionnaires that had been used in similar research had been reviewed in order to offer a basis for the suggested wording. Second, as had been discussed before, four academic staff in the UK and three in Egypt had reviewed the questionnaire in the academic piloting stage, including the wording to ensure the appropriateness of the wording. Third, an Arabic language literature specialist reviewed the Arabic version for the same purpose. Fourth two waves of piloting the questionnaire in the UK and three waves in Egypt had been conducted, as one of its purposes was to ensure the appropriateness of such wording.

On deciding the sequence of questions in the questionnaire, the guidelines for the questionnaire sequence presented by most of marketing research texts (Churchill 1999; McDaniel and Gates1999; Aaker et al 1998) had been followed. Starting with general questions and questions that obtain the respondent's interest in part I, moving to the core of the questionnaire and questions that need "work" in parts II and III, and ending with the demographic questions in part IV.

Finally on determining the physical characteristics of the questionnaire, the researcher adopted a format "lay out" that had been successfully adopted before and argued to facilitate the process of answering the questionnaire (Alshumaimeri, 1998). One of the main criteria in dealing with the questionnaire in all the steps was to make it user-friendly for the respondents in an effort to increase the response rate. The questionnaire distributed in the UK had the logo of The University of Nottingham and the questionnaire distributed in Egypt showed that the researcher is in Cairo University. That was done in order to increase the response rate based on using the domestic effect (Jobber and Saunders 1988). A copy of the questionnaire in the English language as well as a copy in the Arabic language is supplied in appendixes A.

6.5 The Sampling Issue

As the definition adopted through this research of a small business (companies employing between 10-50 employees), as well as its importance and current status in the two studied countries had been discussed in chapter five, it is now time to present how the issue of sampling had been decided on. Before offering an explanation of this issue, the issues of sampling equivalence (sampling unit and independence and representative) in cross-national research has to be highlighted first.

Starting with the sampling unit equivalence, i.e. the sampling unit chosen from the different cultures should possess the needed information. File and Prince (1992) used the owner of the small business as the sampling unit for their research of the selection criteria in small business companies, while Smith (1989) used either the owner or the manager to examine the bank-company relationship, arguing that both research succeeded in capturing the needed data by using these sampling units. On the other hand a lot of research investigating the bank selection by small business owners and the relationship between them had been conducted in the UK (Ennew and Binks 1996a and b; Binks et al 1989; Turnbull and Gibbs 1989). Turnbull (1984a) explained that among the Times top 1000 companies either the corporate treasurers or the financial directors are responsible for the selection and use of banks, and they continue arguing that the companies at the lower levels of the Times top 1000 employed a single financial director who has such responsibilities. Both Day (1985) and Rosenblatt et al (1988) presented a similar argument about the role of the corporate treasurer or the financial director in the bank selection in big corporations, which give a more support

that such a decision is in the hands of only one person in the small size companies as long as this is the case in the top 1000 companies. Finally, as discussed in chapter four, section (4.5) the results of the exploratory interviews in both Egypt and the UK suggested that the decision is always in the hands of either the owner or in larger companies the financial manager. Based on this the sampling units were the director of the small business company who in most cases was the owner of the company. This sampling unit is suggested to have the needed information in both countries so it is cross-nationally equivalent.

Regarding the independence and representative issue, it is better to start with this phrase presented by Green and White (1976, P85) "*It is virtually impossible to select samples in two or more countries that share all the same traits… thus no matter how hard the researcher works to achieve sample comparability, there will usually be some type of differences between the samples*". Therefore representativeness of cross-national sampling is working against equivalence, i.e. trying to increase representativeness within the samples usually results in minimising equivalence between them and vice versa (Osgood et al, 1975). This introduction showed how it is difficult trying to establish equivalence and representativeness, but this should not stop any researcher trying to establish the best possible trade-off. As the results of the exploratory pilot interviews suggested that there is no effect of different company-related or personal-related characteristics on the selection criteria (except obtaining a type of credit and doing business on an international level) the researcher decided to try establishing the maximum degree of representative within the samples and at the same time trying to take equivalence into account. This had been done by selecting a random sample from the small business customers in the UK and trying, to some extent, to match this sample by a convenience sample from the small business customers in Egypt. As Lonner and Berry (1986) pointed out that it is difficult and expensive to draw random samples in cross-culture studies, the non-random samples were suggested and they further explained that matching samples had always been used in order to have control over irregularities between the two countries, and Vijver and Leung (1997) gave support to such an argument. One other reason for selecting a convenience-type sample in Egypt was the unavailability of a small business companies' sampling frame and at the same time this technique was successfully used in cross-national research comparing between the USA and Egypt (Al-Katib et al

1996). Finally Tuncalp (1988) emphasised that it is formidable or even impossible to draw probabilistic samples from Arab countries.

After explaining how this research dealt with the issue of sampling equivalence, the issues of sampling should be presented. Starting with the research population, as had been explained in chapter six, it was decided that this research population should include the companies employing between 10-50 employees in the UK and Egypt (it should be noted that the Egyptian sample had been drawn only from Cairo, the capital, as if outside Cairo had chosen the researcher might face conceptual inequivalence due to the non-existence of a selection process because there might be only one bank in the company's location). Regarding the UK sample frame, the researcher depended on the database of small business companies from Dun and Bradstreet Co. and a random sample of 2000 companies had been delivered, of which 1000 companies had been randomly selected and mailed. Regarding the sample type, as has just been explained, it was of random sample in the UK and convenience type in Egypt. Regarding the sample unit it was decided to be the owner-director of the small business company, as justified before. Finally regarding the sample size, as it is always about trade-off between time and cost on one hand and the desired degree of precision on the other hand, hence there is no optimal size of samples that should be achieved in every research. Hair et al (1998) explained that five cases by item is enough to run a factor analysis, while McDaniel and Gates (1999) argue that a minimum of 100 cases should be used in order to run a regression model. In addition to this the normal response rate with similar mail survey ranges between 10-20% (Zineldin 1995; Jobber and Saunders 1988). This had lead to decide to mail the questionnaire to 1000 companies in the UK. However in Egypt the results show that a response rate of almost 70% is expected (Al-Katib et al 1996), so this had lead to decide to drop-off the questionnaire to a sample of 250 small business companies. Those were the main decisions taken about the sampling issue and the next section will deal with the actual data collection procedures.

6.6   The Data Collection

This section will explain the equivalence in data collection (the contextual equivalence), which should be established in cross-national research. As explained before the contextual equivalence means that two issues had to be taken into

consideration. The first one is the experimental-subject relationship and in this research the researcher could argue that this research is free of experimental-subject relationship. As explained before in section (6.3) this research collected its data by mail in the UK and by drop-off and pick-up in Egypt and the use of those two techniques do not suggest any problem regarding the experimental-subject relationship (Aaker et al 1998), and the cross-national research methodology suggests the use of uniform data collection procedures to avoid this problem (Sekaran, 1983). The second issue is the "temporal", i.e. the data collection should be completed within acceptable time frames. The data collection period for this research started at the end of March 2000 in Egypt, while the questionnaires were mailed in the UK at early May 2000. Based on that the researcher could suggest that the issue of temporal equivalence had been taken into consideration.

As such, all the issues of cross-national research, before and during actual data collection, had been taken into account as an effort to establish the most possible degree of equivalence in the data in order to strengthen the comparison between the two studied countries.

6.7 Conclusion

This chapter tried to provide an overall view of the methodology adopted in this research, starting with an introduction explaining the main cross-national research issues and presenting the framework that grouped all these issues. Each cross-national issue was individually highlighted in its related section of the research methodology. In the data collection means the issues of comparability and construct equivalence had been reviewed. In the questionnaire design section the issues of instrument equivalence (item and translation) had been reviewed. The sampling section had presented the sampling equivalence issues (sampling unit and independence and representativeness). Finally on the data collection section the issues of contextual equivalence had been ensured, including experimenter-subject relationship and the temporal issue. The issue of the measuring equivalence will be presented and empirically tested in the next chapter dealing with the descriptive and methodological part of the data analysis.

Chapter Seven

Data Analysis: Descriptive and

Methodological Issues

7.1 Introduction

This chapter presents the descriptive analysis of the collected data and at the same time tries to examine the validity and the reliability of the questionnaire. As chapter six presented the methodological precautions taken into consideration before conducting this research, this chapter presents the implications of these precautions on the collected data. This chapter will be divided into eight sections, the first section (7.2) discusses the issues of measurement equivalence (calibration, scalar and response) and explain the tests used to ensure such equivalence. Section (7.3) deals with the response rate issue, while the next one will deal with an assessment of the non-response bias in the UK sample. The fourth section will present a descriptive analysis of the main attributes of the investigated companies in both countries trying to explain the differences in their statistics. Sections (7.6) and (7.7) will provide a detailed discussion of the validity and reliability of the questionnaire respectively, followed by the conclusion section of this chapter before moving onto chapter eight, which will present the results of the hypotheses testing and other results as well.

7.2 Measurement Equivalence

Although the metric equivalence (scalar and response), in contrast to all other types of equivalence, can only be examined after the data had been collected (Craig and Douglas, 2000), the whole issue of measurement equivalence (calibration and metric) is going to be presented here. The researcher saw that it is more appropriate to present each type of equivalence ahead of its related section all together, as had been done in chapter six. Two things should be kept in mind, firstly Steenkamp and Baumgartner (1998) explain that without evidence of measurement invariance, the conclusion of a study must be weak. Secondly Mullen (1995) noted that, regardless of the importance of measurement equivalence, it is not sufficient by itself for establishing the reliability

and validity of the measures used in any research, because other issues of equivalence should be addressed as well.

7.2.1 The Calibration Equivalence

Starting with the calibration equivalence, which tries to ensure that the units of measurement are the same in different cultures (Craig and Douglas 2000; Malhotra 1996). It first comes to mind that this issue is mainly related to monetary units and measurements of weight, distance, volume etc, but Yu et al (1993) found that even attitude measures such as the Likert scale (the one mainly used in this research) is also related to culture as some countries may not be familiar with various scales formats. Parameswaran and Yaprak (1987, P45) demonstrated in their work that *"The same scale may have different reliabilities in different cultures"*

In order to ensure calibration equivalence Mullen (1995) suggested "the independently check conversions of measurement units". This had been done during the translation and back-translation procedures. In addition to this, research in both the two studied countries, Egypt (Al-Khatib et al 1996; Hegazy 1995) and the UK (Thwaites and Vere 1995; Lewis et al 1994) had successfully adopted the same measurement units (Likert scale), which suggest familiarity with it. Finally it could be argued that the establishment of the other type of measurement equivalence, which is the metric (scalar and response), in addition to the instrument equivalence (item and translation), should help in ensuring the establishment of calibration equivalence. This check of the metric equivalence is the issue of the next section.

7.2.2 The Metric Equivalence

As explained before, the metric equivalence consists of two related issues: the scalar (i.e. the equivalence of the scale or the scoring procedures used to establish the measure) and the response (i.e. the equivalence of responses to that given measure in the different countries). A discussion of the results of the test used to ensure the scalar equivalence will be presented first followed by another discussion of the results of the three tests used to ensure the response equivalence.

7.2.2.1   The Scalar Equivalence

As Adler (1983) suggested that the differences in means between different groups could not be interpreted unless measured on equal scales, most of the research on cross-national methodology has emphasised that this issue is the most difficult type of equivalence to achieve, because countries vary in their degree of familiarity with different types of scales and because this issue is more complex (Bhalla and Lynn 1987; Hui and Triandis 1985). Douglas and LeMaire (1974) as cited in Craig and Douglas (2000) argued that different countries might be in favour of certain number of points in the scale, which suggests a different interpretation for the same scale in different countries, but both Perreault and Young (1980) and Mullen (1995) suggested the use of Alternating least-square optimal scaling technique (Optimal scaling) to test the scalar equivalence as a means to overcome this issue. Mullen (1995) explained that in order to establish the scalar equivalence, one must demonstrate that the rank orders and distance between scale values are maintained across nationalities and the measurement error is symmetrical and he continued by pointing out that the results of the re-scaled values would allow to address the narrow question of this scalar equivalence, but not the absolute value. Mullen (1995) explained that the data should be optimally scaled separately for each latent variable and each country. Perreault and Young (1980) explained that in general the technique becomes more rigorous as the level of measurement of the variable is stronger (metric, no differences between interval and ratio) (in this research it is metric, the Likert scale). They also emphasised that F-test should be used to evaluate the fit of the optimally-scaled transformation. They further emphasis that although the assumptions of the F-test are violated and the confidence level associated with the standard F-test is too liberal, if the traditional F-test is not significant, one should not depend at all on these results (in this research all the F-tests are sig. p= .000). Mullen (1995, P581) pointed out that *"If the rank order and distance between scale values are the same across subsets, then scalar equivalence exists"*. He also explained that if the lines representing the optimally-scaled values are parallel then the data exhibit scalar equivalence. Based on that the optimal-scaled value for the similar variables in the two countries (i.e. variables loaded on similar factors [the issue of factor analysis will be discussed in detail later on this chapter]) had been calculated using the SPSS software and then graphically presented using Excel. The results suggest that scalar equivalence be established in this research (for example see figure (7.1), and for full details see Appendix B). It is apparent that

both the rank order and distance are kept the same across the two nations, i.e. the two lines are parallel.

Figure (7.1)

Analysis of metric equivalence- Bank size item

Original scale
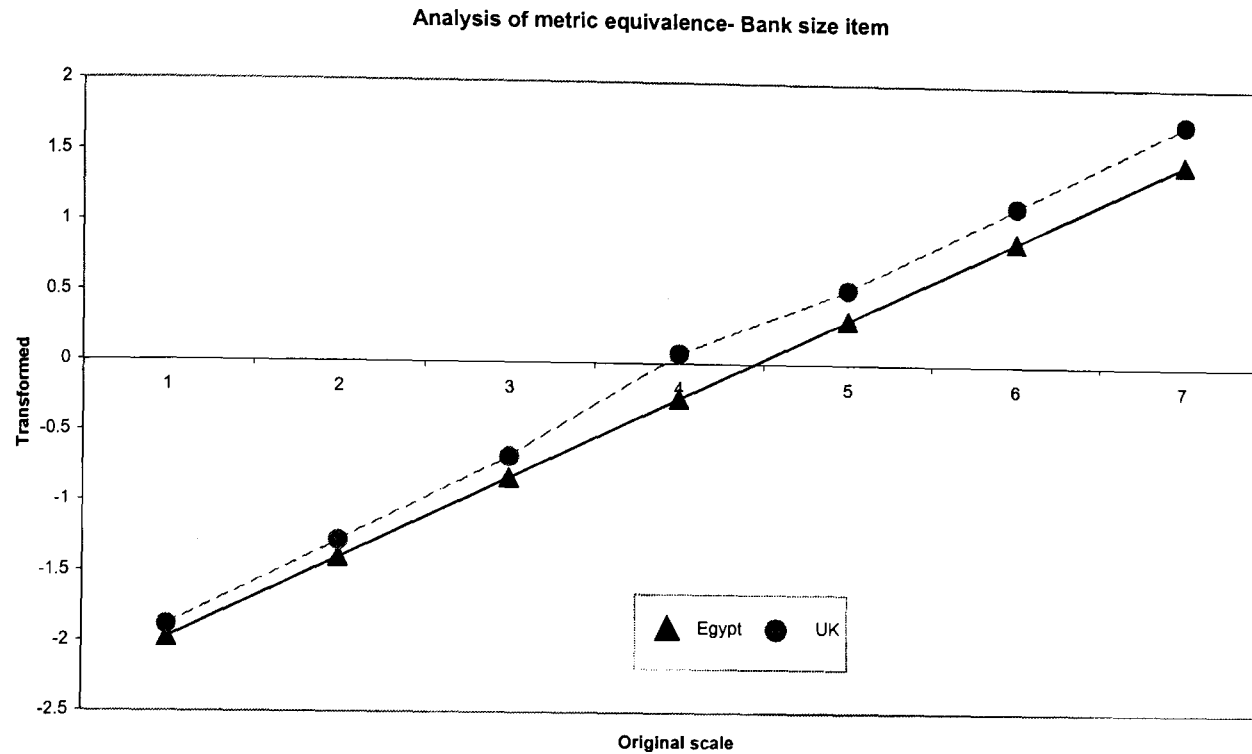
7.2.2.2   The Response Equivalence

Vijver and Leung (1997) pointed out that response equivalence is mainly related to investigating whether persons with an equal standing on the theoretical construct underlying the instrument have the same expected score on the items, irrespective of group membership, i.e. do the respondents in one country have any tendency or desire, conscious or unconscious, to give a profile of themselves that is unrelated to the test content and might lead to a systematic variation in their results (Reynolds, 1999). In order to investigate the response equivalence in this research (sometimes referred to as response style), three different types of tests will be applied on this research data. These tests, which help in detecting the response style bias, are going to be discussed in the following subsection.

7.2.2.2.1 Traditional Psychometric Analysis

This analysis is the most common one and it is about comparing reliability coefficients of the instrument (Cronbach alpha) in different nations (Vijver and Leung

1997; Mullen 1995; Parameswaran and Yaprak 1987; Reynolds 1999). As Vijver and Leung (1997) explained, the coefficient that is going to be used in comparison is calculated according to the following formula (the statistic to test the equality of two independent reliability coefficients).

$$C = (1-\alpha 1) / (1-\alpha 2)$$

(where $\alpha 1$ and $\alpha 2$ are the reliability of the instrument in the two groups)

They further added that for large samples, the statistic follows an F distribution with (N1–1) and (N2–1) degree of freedom (N1 and N2 are the sample size). The statistic would then be compared with the table value of F with p .05, which in this case =1.26. If the statistic was the table value of F, then no significant difference between the reliability coefficients could be identified. Otherwise the reliability coefficient differs significantly. Table (7.1) presents the results of this test.

Table (7.1) Traditional psychometric analysis

Factor*	Egypt	UK	Statistic	Differences
1- Financial items	α= .523 N=146	α= .523 N=155	=1	No significant differences, p .05
2- Non-financial items	α= .667 N=150	α= .706 N=156	=1.13	No significant differences, p .05
3- Hard items	α= .857 N= 144	α= .862 N= 155	=1.03	No significant differences, p .05
4- Soft items	α= .742 N=144	α= .665 N=156	=1.29	Significant differences, p .05
5- Relationship items	α= .672 N=147	α= .725 N=156	=1.19	No significant differences, p .05

* An explanation of how the factors are decided on and how Cronbach alpha is calculated will be presented later in this chapter in the following sections.

The above results show that for four factors out of the five there was no evidence that the reliability coefficients differ between the two studied countries, while for only one factor there was evidence of a significant difference. Based on that, one could conclude that in general there was no evidence of response style bias at this stage, while this should be confirmed by the results of the other tests, and that is what is going to be presented in the next two tests.

7.2.2.2.2 Profile Analysis

The use of profile analysis in response style bias detection had been suggested by a lot of cross-national researchers (Mullen 1995; Morris and Pravett 1992; Reynolds

1999). This profile could be done by graphing the means of each item that measures the construct and then connecting it by a line for each country. If these lines are not parallel then the differences in the data are suggested to be caused by true differences rather than response style bias (i.e. lack of parallelism suggests that the difference between the two data sets is not caused by systematic response bias) (Mullen, 1995). Figure (7.2) presents this profile analysis

Figure (7.2)

Profile analysis of selection items scores
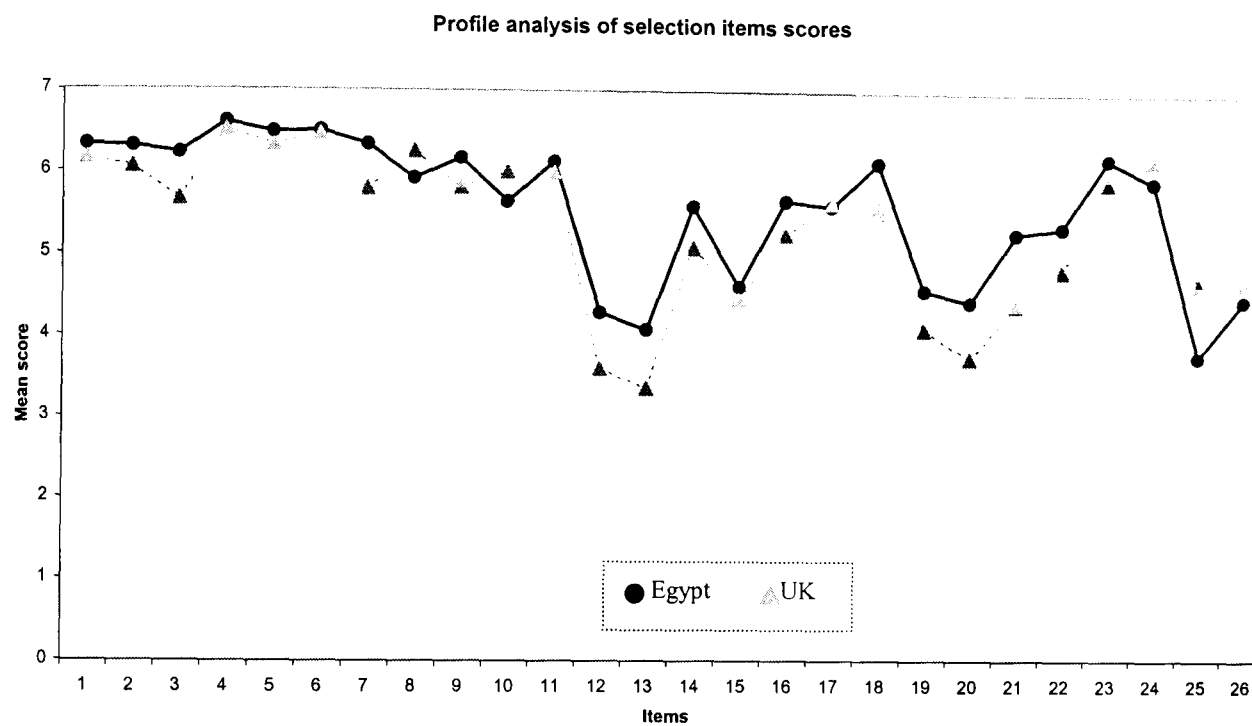
From this figure one can notice that there is no evidence of parallelism, as in six out of the twenty-six items the UK mean score was higher than the Egyptian mean score, while in the other twenty items the Egyptian mean score was higher than the UK ones. In addition to this, when the two independent sample t. test was used to define whether there are significant differences between those mean scores, the results show that in eleven items out of the twenty-six there was no evidence of significant differences between the mean scores of the both countries (p . 05)*, while the other fifteen items show significant differences. This gives more support to the previous conclusion (i.e. no response style bias could be identified), but this conclusion needs more support, which is going to be explained in the next subsections.

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* The issue of differences between the two studied nations will be discussed in details in the next chapter with hypotheses testing.

7.2.2.2.3 Analysis of Variance

Vijver and Leung (1997) suggested the use of an extension of the Cleary and Hilton (1968) analysis of variance for interval- and ratio-level data. The technique is based on using the multiple ANOVA to study the significance of the main effects of nation and response group as well as their interaction on the main instrument. What is meant here by response group is a transformation of the actual summation of each respondent score to the main instrument into limited numbers of groups based on the original total score of each respondent to the main instrument (i.e. respondents are going to be classified into mutually exclusive groups based on their total score in the main instrument), but the question of how many groups should be answered. Vijver and Leung (1997) explained that it is a trade-off between increasing the number of groups, which will result in more statistically powerful analysis of item bias on one hand and increasing the number of subjects per group on the other hand, as decreasing this number will result in threatening the stability of the results. Vijver and Leung (1997, P63) pointed out that _"As a rule of thumb, we do not advise using score levels with less than 50 persons"_. In order to accommodate the previous rule, the number of groups in this research had been decided on to be six groups, as the total number of the sample was 314 participants, but before presenting the results of the ANOVA test, one should check for two things. The first is the normality of the scores to be used, as suggested by Hair et al (1998) the "rule of thumb of Skewness and Kurtosis" could be used. Based on their explanation for the calculation of the Z value, the Z value for the total score variable was (-2.59) for Skewness and (-1.24) for Kurtosis. When comparing these results to the critical value of Z with p .05, one would conclude that this variable is violating the assumption of normality with respect to Skewness, but Hair et al (1998, P71) pointed out that _"Large sample sizes tend to diminish the detrimental effects of nonnormality"_. The second assumption regarding the "Homogeneity of variance" could be checked using the Levene's test. Unfortunately this assumption had been violated as well, but again Hair et al (1998, P348) pointed out that _"Violation of this assumption has minimal impact if the groups are of approximately equal size (i.e. if the largest group size divided by the smallest group size is less than 1.5)"_. The ratio for this research was 148/119= 1.24, which mean that the results of the ANOVA test could be used with some confidence. The result of the test is presented in the following table (table 7.2).

Table (7.2) ANOVA results for response bias detection

Tests of Between-Subjects Effects

Dependent Variable: SUM OF Q 10 SCORS

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	95433.170[a]	11	8675.743	324.324	.000
Intercept	4920010	1	4920010	183924.0	.000
GROUPS	91483.548	5	18296.710	683.983	.000
COUNTRY	47.616	1	47.616	1.780	.183
GROUPS * COUNTRY	41.973	5	8.395	.314	.904
Error	6821.309	255	26.750		
Total	5370513	267			
Corrected Total	102254.5	266			

a. R Squared = .933 (Adjusted R Squared = .930)

As Vijver and Leung (1997) explained the significance of the three effects is tested in this analysis. The first, which is Groups score, is seldom of any interest and it is usually significant. They continued by explaining that (P66) *"When both the main effect of culture and the interaction of the level and culture are non-significant, the item is taken to be unbiased"*. The above result suggests that this research is free from response style bias, as both the effect of culture (in this case called country) and the interaction of the level (in this case called groups) and culture are non-significant.

In conclusion and based on the previous presentation in this section (7.2) the calibration equivalence, the scalar equivalence and the response equivalence are assumed to be established. Then all the statistical tests based on comparing the means of the scores of the two nations could be used with a high degree of confidence as the results of the previous tests suggest that no type of bias could be detected in this research. As a number of cross-national researchers (see for example: Buss and Royce 1975; Parameswaran and Yaprak 1987; Poortinga 1989) emphasise the idea that the quantitative comparisons of the research results obtained in different cultures is only meaningful if the measurement equivalence had been demonstrated.

7.3   Response Rate

As had been explained in chapter five the methods of administrating the questionnaire were mail in the UK and drop-off and pickup in Egypt. 1,000 copies of the questionnaire were mailed to a random sample of the UK small businesses, while 250 copies were distributed to a convenient sample of the Egyptian small businesses in Cairo. It should be noted that the response rate was defined as the percentage of total questionnaires that were returned by respondents and were usable (Wiseman and Billington, 1984). Out of the 1,000 copies mailed in the UK 189 questionnaires were returned (i.e. 18.9% initial response rate) which might be considered as not an uncommon response rate in such studies (Kanuk and Berenson 1975; Buerger and Ulrich 1986; Jobber and Saunders 1988; Nielsen et al 1995) due to the over-investigation of the small business customers in the UK, although it raises the issue of non-response bias. Out of these 189 questionnaires, 31 had to be excluded from the analysis for different reasons (example: empty questionnaire, incomplete or missing some important data or filled by inappropriate person [neither the owner nor the manager of the company]). This meant that only 158 questionnaires were usable and were used in data analysis, which makes the final response rate for the UK survey 15.8%. The UK data were collected during almost a five-week period, as the questionnaires had been sent on 12th May 2000, and started to return on 16th May and the last one was returned on 20th June 2000 with an apology of the respondent as he had been on a vacation.

In Egypt 171 questionnaires had been returned of the 250 distributed, which suggests a 68.4% initial response rate. As the researcher had to exclude 15 questionnaires from the analysis due to different reasons like incomplete or missing some important data or filled by an inappropriate person, the usable questionnaires were 156, i.e. a response rate of 62.4%. The response rate in Egypt is not an uncommon response rate according to the use of such techniques in data collection in Egypt (Al-Khatib et al, 1996), but things take a longer time in Egypt, as promptness and immediateness are not valued in Arab countries as strongly as they are in western countries (Tuncalp 1988; Alshumaimeri 1998). The time period for collecting these questionnaires was almost two and half months from starting the questionnaires distribution on late March 2000 till mid June 2000 when the last questionnaires had been received.

7.4 Non-Response Bias Assessment

One can find consensus in the literature that a significant problem with using mail surveys is the non-response bias. McDaniel and Gates (1999, P172) define non-response bias as *"Error that results from a systematic differences between those who do and do not respond to the measurement instrument"*. Although McDaniel and Gates (1999) pointed out that higher response rates mean less possible impact of non-response because non-respondents represent a smaller subset of the overall picture, Lockhart and Russo (1996) explained that their research demonstrated that techniques which increase the return rate do not necessarily decrease non-response bias, i.e. a high response rate is not a sufficient condition for non-response bias. Based on that, the estimation of the non-response bias on the data set becomes essential for ensuring the reliability of the measurement instrument.

The literature (see: Armstrong and Overton, 1977) suggests three different ways for the estimation of non-response bias: comparison, subjective estimates and extrapolation. Comparison means comparing the results with a known value for the population, but this suffers from two shortcomings. First differences may occur as a result of response bias rather than non-response bias. McDaniel and Gates (1999) defined response bias as error that results from the tendency of people to answer a question falsely, through deliberate misrepresentation or unconscious falsification. Second even if the tested items are free from non-response bias, it is always difficult to conclude that the other items are also free from bias (Wiseman 1972; Ellis et al 1970). Regardless of these problems the use of comparisons can still be helpful (Armstrong and Overton 1977) and it will be presented in section (7.4).

The second way for estimating non-response bias is subjective estimates, which is based on different approaches, one of which suggests determining the socio-economic differences between the respondents and nonrespondents (Vincent, 1964). However the main shortcoming of this method is the uncertainty of the use of this approach (Armstrong and Overton, 1977).

The third method is the extrapolation method, which is based on the assumption that subjects who respond less readily (take longer time to respond) are more like nonrespondents. The "successive waves" of the questionnaire is the most common type of extrapolation. It depends on carrying over successive waves of the questionnaire and persons who respond in later waves are assumed to be similar to

non-respondents (Armstrong and Overton, 1977). However the time trend approach (Ferber, 1948-1949) suggests that persons responding later are assumed to be more similar to non-respondents. The time trend approach has an advantage over the waves approach, that the possibility of a bias by the stimulus in the other waves could be eliminated, as there is no second wave. While on the negative side it is difficult to measure the time from the respondent's awareness of the questionnaire until its completion (Armstrong and Overton, 1977).

Based on the previous discussion, both of the methods of comparison and extrapolation (time trend) are going to be used in estimating the non-response bias in this research. The time trend method has the advantage of eliminating the stimulus bias and because there was no second wave in this mail survey.

As Ferber (1948-1949) suggests that persons who respond later are assumed to be more similar to non-respondents, this research has assumed that those who respond after the weekend of sending the questionnaire are late respondents for number of reasons:

1- As mentioned before the questionnaires were mailed on Friday 12th May and returned questionnaires started to have a mail stamp from Tuesday16th May, which might suggest that the sample did receive the questionnaire by Monday 15th May, so they had been given a week to respond within, otherwise they would be considered late respondents.

2- The large percent (63%) of the returned questionnaires were returned during this period, i.e. had a mail stamp till 20th May 2000.

3- After this date the number of returned questionnaires per day began to fall dramatically, which might give support to this argument (number of returned questionnaire are 89 till 19th May and 29 on 20th May, then 9, 17, 9, 4, 6, 10 and 14 on 22nd, 23rd, 25th, 26th, 30th, 31st and in June respectively).

Based on the above discussion and having in mind that this research is mainly about defining small business bank selection criteria in order to use it in adopting similar positioning strategies in the UK and Egypt, the data suggest no significant differences between the two groups of UK respondents. For example the number of banks used by each group did not significantly differ between the two groups (t= -1.118; df= 156; p= .265) and the period of doing business with the main bank did not significantly differ as well (t= .646; df= 156; p= .520). Of the selection criteria, for example, the items of fees and charges, getting on well with the manager and long term commitment of the

bank did not significantly differ (t= .330; df= 155; p= .742) (t= .271; df= 155; p= .787) (t= .631; df= 156; p= .529). As for switching banks' reasons, for example the items of accumulation of minor problems and approach by another bank did not significantly differ (t= .015; df= 153; p= .988) (t= -. 714; df= 153; p= .476). Finally regarding the company-related items, they did not significantly differ as well, for example the company's main activity, the number of employees and the age of the company (t= -.060; df= 154; p= .952) (t= -.465; df= 153; p= .643) (t= .431; df= 155; p= .667). Therefore it could be concluded that the issue of non-response bias does not seems to have a significant impact in this research.

7.5 Descriptive Analysis of the Data

In this section the main descriptive statistics of this research sample in the two countries will be presented and discussed. The reasons for doing that are to get more insights into the sample before presenting the results of the hypotheses testing in the next chapter, highlighting the representativeness of this sample and offering a means for comparison, as one of the suggested ways for the estimation of non-response bias, as discussed before (Armstrong and Overton, 1977). These descriptive statistics will be presented in the following subsections but it should be noted that the tests for differences between Egyptian and UK respondents for the differences in these variables will be discussed in more detail in the next chapter with hypotheses testing.

7.5.1 Number of Banks Used by the Company

The following table (7.3) shows that about 80% of the Egyptian sample use more than one bank in their company's operations, while only 25% of the UK sample use more than one bank.

Table (7.3) Country * number of banks crosstabulation

| | | | Number of banks | | | |
			one bank	two banks	three banks or more	Total
country	Egypt	Count	31	62	63	156
		% within country	19.9%	39.7%	40.4%	100.0%
	UK	Count	118	30	10	158
		% within country	74.7%	19.0%	6.3%	100.0%
Total		Count	149	92	73	314
		% within country	47.5%	29.3%	23.2%	100.0%

This big difference could be justified as follows, firstly the results of the exploratory pilot interviews showed far more tendency from the Egyptian companies to deal with more than one bank mainly to protect themselves from sudden changes in the internal bank policies. Secondly the results of this research suggest that the main reasons behind dealing with a second bank for the Egyptian sample were the faster performance of certain services, the helpful staff, the more accuracy in handling the services and location convenience (mean score of 6.03, 5.86, 5.83 and 5.47 respectively), which suggests that companies use more than one bank in order to have the basic types of services that are not offered by their main bank.

7.5.2 Previous Period with the Bank

Regarding the period which the company had its accounts with its main bank, the following table (7.4) presents such periods.

Table (7.4) Country * Period with bank crosstabulation

			period with bank					
			less than one year	1-less than 2	2-less than 3	3-less than 4	4 years and above	Total
country	Egypt	Count	8	19	29	17	82	155
		% within country	5.2%	12.3%	18.7%	11.0%	52.9%	100.0%
	UK	Count	8	3	10	12	125	158
		% within country	5.1%	1.9%	6.3%	7.6%	79.1%	100.0%
Total		Count	16	22	39	29	207	313
		% within country	5.1%	7.0%	12.5%	9.3%	66.1%	100.0%

More than 47% of the Egyptian sample had accounts with their main bank for a period less than four years, while for the UK sample this percentage was only 20%, which suggests a more stable relationship between the UK small businesses and their banks. This is supported by the fact that 32% of the Egyptian small business customers changed their main bank, either once or twice, during the last two years, while this percentage was only 9% for the UK companies. This could be again attributed to the sudden changes in the internal bank policies in Egypt and at the same time the continued changes in business and tax laws that push a number of small business owners to legally close their business and re-establish it in a new form in order to benefit from these new business and tax regulations and laws.

7.5.3 Methods of Contacting the Bank

As customers may use more than one method in conducting their banking operations, 87% of the Egyptian small business customers show that they go to the branch, 60% use the phone and/or fax and only 9% use the internet, with a mean score of nine meetings or more with the bank account manager each year. In contrast the corresponding percentage in the UK were as follows 62%, 81% and 22% with a mean score of one-two meetings with the bank account manager each year, which suggests a greater tendency towards using other methods of contacting the bank rather than visiting the branch. This might be attributed to the lower reliability level of the other methods rather than going to the branch in conducting banking operations in Egypt and at the same time the underdevelopment of the Internet services in Egypt.

7.5.4 Demographic Characteristics of the Respondents

Tables (7.5), (7.6) and (7.7) summarise the main three demographic characteristics of the responding sample in both countries.

Table (7.5) Country * Gender crosstabulation

			gender		
			male	female	Total
country	Egypt	Count	143	12	155
		% within country	92.3%	7.7%	100.0%
	UK	Count	109	49	158
		% within country	69.0%	31.0%	100.0%
Total		Count	252	61	313
		% within country	80.5%	19.5%	100.0%

Table (7.6) Country * Educational level crosstabulation

			educatioin level				
			postgrad uate	university graduate	higher and further education	others	Total
country	Egypt	Count	40	109	4	2	155
		% within country	25.8%	70.3%	2.6%	1.3%	100.0%
	UK	Count	30	26	26	70	152
		% within country	19.7%	17.1%	17.1%	46.1%	100.0%
Total		Count	70	135	30	72	307
		% within country	22.8%	44.0%	9.8%	23.5%	100.0%

Table (7.7) Country * Age crosstabulation

			age					
			less than 30	30- less than40	40- less than 50	50- less than 60	60 and over	Total
country	Egypt	Count	44	53	34	20	5	156
		% within country	28.2%	34.0%	21.8%	12.8%	3.2%	100.0%
	UK	Count	11	29	57	48	12	157
		% within country	7.0%	18.5%	36.3%	30.6%	7.6%	100.0%
Total		Count	55	82	91	68	17	313
		% within country	17.6%	26.2%	29.1%	21.7%	5.4%	100.0%

Regarding the gender 92% of the Egyptian respondents were males, while this percent was only 69% in the UK. In Egypt the high percentage of males in the sample (92%) is not a surprising figure as the statistics of the Central Agency of Public Mobilisation and Statistics (CAPMS) showed that 91% of the working force is male (CAPMS, 1998), which suggests that this responding sample is probably representative according to the gender issue. Regarding this figure in the UK, Wisniewski (2000) shows that 51% of the UK employee jobs are male, while at the same time the results of the Department of Education and Employment (1999) show that 75% of the self-employees are male. These figures suggest that the percentage of the male in the UK sample could be considered representative, as it should range between 51-75%, because the sample in the UK was divided according to the respondent's position into 69% owners (or joint owners) and 31% managers. In conclusion regarding the gender of the respondents this research could argue that the results in both countries are representative of the research population.

Regarding the educational level, 96% of the Egyptian sample shows that they have a university degree (undergraduate or post-graduate), while only 37% of the UK results show this. Although the university graduated in Egypt are about 6% of the total population (CAPMS, 1998), the research conducted in Egypt used to have a very high percentage of university graduates in its samples (Al-Khatib et al 1996; Hegazy 1995). As those who can respond to the research are most likely to be highly educated as marketing research and questionnaires are not familiar matter in Egypt and as 50% of the Egyptian respondents are managers, it is expected that there will be a high percentage of university graduates. The UK results (Anonymous, 1999) show that university graduates are about 13% of the population of working age. Again this could be attributed to the fact that 31% of the UK respondents were managers, which might suggest an increase in such a percentage.

Regarding the age of respondents 63%, of the Egyptian respondents were less than 40 years old, while 34% ranged between the ages of 40 and 60 and only 3% were over 60. These figures in the UK were 25%, 67% and 8% respectively. Although the percentage of age groups in the population of Egypt and the UK were different, in Egypt 30%, 15% and 6% (CAPMS, 1998) and in the UK 29% 25% and 20% (Wisniewski, 2000), these differences could be attributed to the following reasons. Firstly the age distribution in this research is for the employee work force, while the statistics present the age distribution of all the population and if these figure were adjusted to represent only the working force, the Egyptian statistics would be 58%, 29% and 12%, while the UK statistics would be 39%, 34% and 27% respectively. These adjusted figures suggest that the Egyptian sample is highly representative, while the UK sample has a more diversified tendency to higher and lower age groups, rather than the middle age. The second reason is based on the fact that the age range in the UK is higher than the Egyptian one (i.e. percentage of people in higher ages is higher in the UK than in Egypt) (CAPMS 1998; Wisniewski 2000), so it is not uncommon to see more tendency of the UK sample across higher age groups. Thirdly as manager percentage in the sample is higher in Egypt than the UK (50:31), one might argue that this should lead to lower age groups in the Egyptian sample.

7.5.5 The Company's Form of Business

Table (7.8) presents the participating companies classified by their legal form.

Table (7.8) Country * Form of business crosstabulation

			your company form of business					
			sole	partnership	limited liability	corporate	others	Total
country	Egypt	Count	24	51	13	66	2	156
		% within country	15.4%	32.7%	8.3%	42.3%	1.3%	100.0%
	UK	Count	18	65	71	1	3	158
		% within country	11.4%	41.1%	44.9%	.6%	1.9%	100.0%
Total		Count	42	116	84	67	5	314
		% within country	13.4%	36.9%	26.8%	21.3%	1.6%	100.0%

This table shows that in Egypt there is more tendency to establish the company in a corporate format and this might seem illogical if one remembered that this research is about small business companies, but this surprising result should be understood if one

knows that the Egyptian business law does not have a lot of prerequisites in order to establish the company as a corporate one and it offers more tax incentive to this form of companies, that is what attracted large number of small businessmen in the direction of fulfilling these requirements and enjoy the benefits.

7.5.6 The Company's Business Activity

Table (7.9) presents the respondents' companies classified according to their type of business activity, while table (7.10) presents a comparison between the actual percentage of different company's business activities and their representation in the sample in both countries.

Table (7.9) Country * Company's main activity crosstabulation

			company main activity						
			manufact uring	constructi on	retail and commerce	services	professio ns	others	Total
country	Egypt	Count	19	16	49	53	8	10	155
		% within country	12.3%	10.3%	31.6%	34.2%	5.2%	6.5%	100.0%
	UK	Count	19	14	21	57	18	27	156
		% within country	12.2%	9.0%	13.5%	36.5%	11.5%	17.3%	100.0%
Total		Count	38	30	70	110	26	37	311
		% within country	12.2%	9.6%	22.5%	35.4%	8.4%	11.9%	100.0%

Table (7.10) Company's major business activities

Sector	UK %*		Egypt %**	
	Population	Sample	Population	Sample
1- Manufacturing	9	12.2	16.5	12.3
2- Construction	20	9	.8	10.3
3- Wholesale/ retail/ repair	15	13.5	58.8	31.6
4- Services	41	48	17	39.4
5- Others	15	17.3	6.9	6.4
Total	100%	100%	100%	100%

* The UK population figures represent the smaller firms (under 50 employees), which count for 99.14%
of the total number of firms working in the UK (Bank of England, 2000)
** The Egyptian population figures represent the total number of firms working in Egypt (The smaller [under 50 employees] firms count for 99.71% of this total number in Egypt) (CAPMS, 1997)

Table (7.10) shows that the UK sample might be considered a representative sample of the UK small business companies, except in the construction field where less companies are represented in the sample. On the other hand, the Egyptian sample

might be considered representative as well, if one keeps in mind that in Egypt the majority of wholesale/retail and repair companies employee less than 10 employees (CAPMS, 1997). So it was not uncommon to be excluded from the sample and that is what resulted in the decrease in the wholesale/retail and repair companies and the increase in service companies, but as with the UK sample the Egyptian sample looks biased toward the construction companies. In general the sample in both countries could be argued to be representative of its population, which gives more support to the argument that this research is free from non-response bias.

7.5.7 The Company's Number of Employees

The following table (7.11) presents the company's number of employees in the two countries

Table (7.11) Country * Number of employees crosstabulation

| | | | number of employee | | | | |
			10- less than 20	20- less than30	30- less than 40	40- 50 employee	Total
country	Egypt	Count	57	37	19	42	155
		% within country	36.8%	23.9%	12.3%	27.1%	100.0%
	UK	Count	82	47	10	16	155
		% within country	52.9%	30.3%	6.5%	10.3%	100.0%
Total		Count	139	84	29	58	310
		% within country	44.8%	27.1%	9.4%	18.7%	100.0%

From the previous table it could be concluded that the Egyptian company's size (represented by the number of employees) is greater than the UK ones. Although this was unplanned, it could be considered as a positive thing, as one might argue that the UK companies are more capital intensive, then UK companies that have the same number of employees could be considered bigger than the Egyptian ones. So the increase in the Egyptian company's number of employees might make a balance to the increase in the UK company's capital intensive ratio.

7.5.8 The Company's Age

Table (7.12) presents the sample classified according to the company's age.

Table (7.12) Country * Company's age crosstabulation

| | | | company had been trading for | | | | | |
			less than 2	2- less than4	4- less than 6	6- less than 8	8 years and over	Total
country	Egypt	Count	12	36	39	20	48	155
		% within country	7.7%	23.2%	25.2%	12.9%	31.0%	100.0%
	UK	Count	4	13.	19	11	110	157
		% within country	2.5%	8.3%	12.1%	7.0%	70.1%	100.0%
Total		Count	16	49	58	31	158	312
		% within country	5.1%	15.7%	18.6%	9.9%	50.6%	100.0%

The above table shows that the Egyptian companies in the sample are younger in age compared to the UK ones. This could be because of the continuous changes in the business and tax laws, which push some companies to closure and re-establish themselves in order to accommodate the new law and benefit from its incentives.

7.5.9 The Company's Market

Table (7.13) presents the market domain of the participating companies, which shows that the UK companies (68%) are more local than the Egyptian ones (51%) (i.e. more Egyptian companies are engaged in exporting and importing activities (43%) than the UK companies (29%).

Table (7.13) Country * Company's market crosstabulation

| | | | company is doing business on | | | |
			local	international	both	Total
country	Egypt	Count	81	7	68	156
		% within country	51.9%	4.5%	43.6%	100.0%
	UK	Count	107	3	46	156
		% within country	68.6%	1.9%	29.5%	100.0%
Total		Count	188	10	114	312
		% within country	60.3%	3.2%	36.5%	100.0%

7.5.10 The Company's Performance for the Last and Next Year

Tables (7.14) and (7.15) present the respondent evaluation of the last year's performance and their expectations about the performance next year, and it is apparent that there are no major differences in their response to this question.

Table (7.14) Country * Performance last year crosstabulation

			performance last year					
			declin 5% or more	decline by less than 5%	no change	grew by less than 5 %	grew 5% or more	Total
country	Egypt	Count	21	10	26	24	72	153
		% within country	13.7%	6.5%	17.0%	15.7%	47.1%	100.0%
	UK	Count	12	13	25	19	84	153
		% within country	7.8%	8.5%	16.3%	12.4%	54.9%	100.0%
Total		Count	33	23	51	43	156	306
		% within country	10.8%	7.5%	16.7%	14.1%	51.0%	100.0%

Table (7.15) Country * Performance next year crosstabulation

			performance next year					
			declin 5% or more	decline by less than 5%	no change	grew by less than 5 %	grew 5% or more	Total
country	Egypt	Count	10	5	14	32	91	152
		% within country	6.6%	3.3%	9.2%	21.1%	59.9%	100.0%
	UK	Count	3	3	32	30	85	153
		% within country	2.0%	2.0%	20.9%	19.6%	55.6%	100.0%
Total		Count	13	8	46	62	176	305
		% within country	4.3%	2.6%	15.1%	20.3%	57.7%	100.0%

7.5.11 The Respondent's Position

Tables (7.16) summarises the respondent's positions in their companies. It suggests that the Egyptian sample has more managers than the UK sample, and vice-versa. This could be better explained if one goes back to chapter six where the discussion about the sampling unit took place. In this section (7.5) it has been argued that "as companies go larger the authorities of bank selection are delegated to the manager director". This could find support here as it was demonstrated that the Egyptian companies are larger in size than the UK ones, so it is logical to expect that the percentage of the managers in the Egyptian sub-sample should exceed the same percentage in the UK one.

Table (7.16) Country * Position of respondent crosstabulation

			your position		Total
			owner	manager	
country	Egypt	Count	77	79	156
		% within country	49.4%	50.6%	100.0%
	UK	Count	108	49	157
		% within country	68.8%	31.2%	100.0%
Total		Count	185	128	313
		% within country	59.1%	40.9%	100.0%

7.5.12 Conclusion

Although almost all of the previous variables differ between the Egyptian and UK sub-samples, two points have to be clear. The first point is that most of these variables have a high degree of representativeness in each country, which is very important for this research as one of the objectives is to be able to confidently generalise the results of this research to the small business companies in Egypt and UK. The second point it that the next chapter will present further analysis of the effect of these differences on the results to be concluded and will test whether the differences in the results could be attributed to the differences in these variables, i.e. differences in sample structure or whether these are genuine differences between the two studied countries.

7.6 Validity Analysis

Although cross-national research is more open to validity threats if compared to intracultural research (Vijver and Leung, 1997), a critical review of cross-national marketing research literature showed a lack of concern for validity and reliability issues (Malhotra et al 1996; Parameswaran and Yaprak 1987). Furthermore many studies on bank selection criteria either for retail or business customers did not test the validity or reliability of their measures (see for example: Kennington et al 1996; Zineldin 1995; File and Prince 1992; Turnbull and Gibbs 1989). In this section and the following one these two issues are going to be discussed and evaluated for this research.

Starting with validity, Churchill (1999, P452) defined it as *"The extent to which differences in scores on it reflect true differences among individuals on the characteristics we seek to measure, rather than constant or random errors"* (i.e. did the measurement means actually measure what it was supposed to measure?). In order

to ensure this validity, marketing research methodology researchers suggest four different types of assessment procedures (face validity, content validity, criterion validity and construct validity) to be undertaken (McDaniel and Gates 1999; Churchill 1999; Bagozzi 1996; Parasuraman 1986; Tull and Hawkins 1984). It should be noted that some research implicitly add face validity to content validity under one dimension, which is content validity (Churchill 1999; Bagozzi 1996), but the researcher decided to adopted McDaniel and Gates (1999) classification as it is more comprehensive and offers more detailed explanations for these assessments. These four types of assessments are going to be discussed in the next sub-sections.

7.6.1 Face Validity

McDaniel and Gates (1999, P309) defined face validity as *"The degree to which a measurement instrument seems to measure what it supposed to"* and they emphasised that *"it is the weakest form of validity"* as it is concerned with the degree of *"looks like"* of the measurement instrument. They point out (P310) that the only way to ensure such a type of validity is *"The subjective agreement of researchers, experts or people"* familiar with the topic under study. This research attempts to capture the face validity by continuous effort of the researcher in the questionnaire development stage to ensure this validity and the feedback that had been provided either by academics in both countries about the two versions of the questionnaire or from the comments of the businessmen who had been interviewed in the stage of exploratory pilot research.

7.6.2 Content Validity

Parasuraman (1991, 442) defined content validity as *"The extent to which the content of a measurement scale seems to tap all relevant facts of an issue that can influence respondents'* attitudes" (i.e. was the domain of the attitude captured by the measurement?). McDaniel and Gates (1999) suggested four steps in order to approach content validity, as it is a subjective matter. Firstly carefully defining precisely what is to be measured. This had been done by comprehensive literature review of the positioning, branding and marketing strategy issues, which resulted in defining the research problem and the proposed methodology to deal with the issue.

Secondly an exhaustive literature search and focus groups can be conducted to identify all possible items for inclusion on the scale. Here another review of the

literature had been done on the bank selection criteria for personal and business banks' customers issue, accompanied by the first wave of the exploratory pilot interviews with small business customers in Egypt to get the "Emic" view, followed by the second wave of the exploratory pilot interviews with Egyptian and UK small business customers to precisely define the selection criteria and develop the hypotheses (as previously explained in chapter six).

Thirdly a panel of experts can be asked their opinions on whether an item should be included. As explained before this had been done with the help of four academic staff in the UK and three academic staff in Egypt to ensure the translation equivalence and contents of the questionnaire as well. At this stage the researcher should point out that there was a major trade-off between the length of the questionnaire (i.e. including too many items of selection criteria) and the expected effect of respondent fatigue (i.e. not responding to the questionnaire because of it is length), and it had been decided with the experts help to compress the questionnaire by grouping some variables together and excluding some other variables in order to empirically investigate this issue.

Fourthly there were the issues of pre-testing the scale and open-end the questions, which might identify other items to be included. Regarding pre-testing this questionnaire was pre-tested on seventeen small business owners as well as managers in the two studied countries and as it had been explained before most of the questions were of an open-end nature in order to follow the cross-national research methodology suggestions.

7.6.3 Criterion Validity

Bagozzi (1996, P19) defined criterion-related validity as *"The degree of connectedness of a focal measure or scale with another measure or scale"* (i.e. to what extent could the suggested measure predict another variable that is related to it). Criterion validity is sub-divided into predictive validity and concurrent validity. McDaniel and Gates (1999, P311) defined predictive validity as *"The degree to which the future level of a criterion can be forecasted by a current measurement scale"*, and they defined concurrent validity as *"The degree to which a variable measured at the same point in time as the variable of interest can be predicted by the measurement instrument"*. As there were no available previous data about the service offer of each bank in each period of time in the past, so it could be used as an indication of the

positioning effort made by the bank at that point in time and then link this effort with the respondents' previous behaviour in bank selection, in order to test the predictive validity of the measurement. So predictive validity could not be tested in this research. Following the same way of thinking, there were no variables that could be measured in the same questionnaire, which has a relationship with the bank selection attitude, so concurrent validity also could not be tested in this research.

7.6.4 Construct Validity

It is the type of validity that received the most attention from the researchers and Bagozzi (1996, P20) pointed out that a number of researchers tend to define it in a way very similar to defining the validity itself *"The extent to which an operationalisation measures the concept it is supposed to measure"*. McDaniel and Gates (1999, P311) defined construct validity as *"The degree to which a measurement instrument represents and logically connects, via the underlying theory, the observed phenomenon to the construct"*. Construct validity is sub-divided into two aspects convergent and discriminant validity. The former is *"The degree of association among different measurement instruments that purport to measure the same concept"* while the latter is *"The lack of association among constructs that are supposed to be different"* (McDaniel and Gates, 1999). Parasuraman (1991, 442) summarises the issue as follows: *"Construct validity of an attitude measure can be assessed quantitatively by computing its correlation with measures of other constructs that one would expect to be strongly associated with the attitude and measures of constructs that one would not expect to be closely tied to the attitude. Strong correlation in the former case are indicative of what is commonly labelled convergent validity, and weak correlation in the latter case are indicative of discriminant validity"*. Bagozzi (1996), Parasuraman (1991) and McDaniel and Gates (1999) emphasised that both convergent and discriminant validity must be present for construct validity. It should be noted that both Churchill (1999) and Bagozzi (1996) noted that there is a third aspect of construct validity, but it is not as common as the previous two. That is the nomological validity, which tries to determine whether the construct behaves as expected with respect to the other constructs to which it is theoretically related and they pointed out that it is similar to the predictive validity of the criterion-related validity.

Gorsuch (1983) and Iacobucci (1996) explained the underlying theory of factor analysis and pointed out that it is providing a rigorous means of conceptualising unobservable constructs (i.e. construct validity) and they also emphasised that this technique tries to group into factors items that are not different from each other (i.e. convergent validity) but at the same time separate factors should be distinct from each other as well (i.e. discriminant validity). Based on that factor analysis could be used with confidence to check for construct validity. Iacobucci (1996) as cited in Kortam (1997, P208) argues that *"The tool used for testing both types of construct validity was factor analysis as often suggested by the literature"* and Bagozzi (1996) as cited in Alshumaimeri (1998) supported this idea and explained that *"Factor analysis evaluate both the convergent and the discriminant validity of the measure simultaneously"*.

In order to run the factor analysis a number of things had to be taken into consideration, regarding the method of extraction, the method of rotation and the number of variables to be included in the solution. These three issues are going to be discussed here.

Starting with the method of extraction, the principal components method of factor analysis was used as a method of extraction for two main reasons:

1- Hair et al (1998, P100) explained that the component analysis is used when *"The objective is to summarise most of the original information (variance) in a minimum number of factors for prediction purposes"*. Since one of the objectives of this research is to identify a number of variables that dominate the decision of bank selection and could be used in the future in anticipating which type of customers would be attracted if the bank emphasise certain selection criteria, this method of extraction seems more appropriate.

2- Iacobucci (1996, P288) explained that with the principal components method the goal is *"Extracting as much information from p variables into r components; we seek to explain the maximum variance in the data"*, while for factor analysis the goal is *"explain the covariance in the data"*. Based on this and as one of the objectives of this research is to be able to explain and justify the variance in the two data sets (Egypt and the UK) rather than the covariance (variance shared by the variables [Dancey and Reidy, 1999]), the principle components method was preferred as a method of extraction.

Regarding the method of rotation, it was decided to use the oblique rotation method in this research, as Hair et al (1998, P110) pointed out that *"If the ultimate*

goal of the factor analysis is to obtain several theoretically meaningful factors or constructs, an oblique solution is appropriate". They also point out that the orthogonal method is preferable *"If the goal of the research is to reduce the number of the original variables, regardless of how meaningful the resulting factors may be"*, which is not the case in this research.

Finally regarding the number of factors to be extracted, the latent root criterion (eigenvalues) had been used based on the explanation of Hair et al (1998, P103) *"Only the factors having latent roots or eigenvalues greater than 1 are considered significant"*. But Iacobucci (1996, P294) argues that the use of this criterion should be accompanied by the use of scree plots *"As the number of the factors to retain is that number before the break (or elbow) in the curve"*. Both the two rules had been adopted in determining the number of factors included in the suggested solutions.

Before starting to discuss and interpret the results of factor analysis as well as checking the appropriateness of factor analysis for this data set, it should be noted that three sets of factor analysis were produced to assess qualities of the service itself, qualities of the service provider and qualities of the interaction. This had been done for three reasons:

1- In order to enhance the comparison between the two countries, which is the main objective of this research.

2- As a result of the large number of items that are included in the bank selection criteria framework (26 items).

3- It is not uncommon methodology in marketing research to produce more than one set of factor analysis for the data set (see for example: Smith and Ennew 2000; Winsted 1997; Kortam 1997; Alshumaimeri 1998)

It should be noted that a separate factor analysis will be produced for both Egyptian and UK samples in addition to the results of the combined "whole" sample. This had been done based on the recommendation of Hair et al (1998) when they argue that whenever differing groups are expected in the sample, separate factor analysis should be performed, and the results should be compared to identify differences not reflected in the results of the combined sample. Running exploratory factor analysis for each studied culture separately had been recommended in the cross-national methodology as well (Butcher and Han 1996; Vijver and Leung 1997). Buss and Royce (1975) emphasise the idea of the necessity of ensuring the similarity of the factor structure in different studied countries as a prerequisite for making a quantitative comparisons

between these countries and they mentioned that (P130) *"It would not make conceptual sense to make quantitative comparisons on individual test variable if in fact complete structural invariance for all the underlying factors have not been adequately demonstrated".*

7.6.4.1 Factor Analysis for Qualities of the Service Items

Before presenting the results of the factor analysis for the Egyptian sample, the tests for the appropriateness of factor analysis should be presented first, which include as suggested by Hair et al (1998) the anti-image correlation matrix, a measure of sampling adequacy for each item, the overall measure of sampling adequacy for the whole items to be factorised and the Bartlett test of sphericity. Regarding the anti-image correlation matrix, which is the negative value of the partial correlation, Hair et al (1998, P99) point out that *"Large partial or anti-image correlation are indicative of data matrix perhaps not suited to factor analysis"*. Both the Egyptian and the UK data suggest very weak anti-image correlation coefficients. As Diamantopoulos and Schlegelmilch (1997, P199) point out *"A relationship is usually considered strong if the association measure is larger than 0.8. Between 0.4 and 0.8 we are in moderate region and below 0.4, the relationship tends to be considered as weak"*. Table (7.17) summarises the anti-image correlation for the data set of the two countries and the combined sample as well.

Table (7.17) Anti-image correlation

Correlation coefficient range	No. Egypt	No. UK	No. Combined
Less than 0.1	5	8	8
0.1 – less than 0.2	4	2	1
0.2 – less than 0.3	3	3	3
0.3 – less than 0.4	3	1	2
0.4 and over	0	1	1

The results of the previous table suggest that this set of items is appropriate for factor analysis. Regarding the appropriateness of each item measure of sampling adequacy MSA, which is a measure for the degree of inter-correlation among the variables and the appropriateness of factor analysis, table (7.18) presents this coefficient for Egypt, the UK and the combined sample as well. As Hair et al (1998, P100) point out that before examining the index of MSA for the whole set of variables

"The researcher should first examine the MSA values for each variable and exclude those falling in the unacceptable range". He explained this range by the following guidelines *" .80 or above, meritorious; .70 or above middling; .60 or above mediocre; .50 or above miserable; and below .50 unacceptable"*.

Table (7.18) The MSA values

Items	Egypt	UK	Combined
Fees	.726	.603	.672
Interest rates	.660	.574	.638
Credit availability	.577	.528	.610
Accuracy	.680	.733	.724
Confidentiality	.701	.754	.755
Speedy	.750	.711	.758

The results of the previous table suggest that no item should be excluded from the analysis and this data set is appropriate for factor analysis. Regarding the MSA index for the whole data set it was 0.693 for Egypt, 0.660 for the UK and 0.700 for the combined sample, with levels of significance of the Bartlett test of sphericity = 0.000 in the three cases (test for existence of significant correlation among the correlation matrix) which again support the previous results and suggest appropriateness of factor analysis.

The results of the factor analysis of the qualities of the service items for Egypt, the UK and the combined data sets are presented in the following tables.

Table (7.19) Factor analysis for the qualities of the service items (EGYPT)

Items*	Factor 1	Factor 2
Fees	.544	
Interest rates		.787
Credit availability		.799
Accuracy	.776	
Confidentiality	.761	
Speedy services	.749	

- Percentage of variance explained = 59.05 %

Table (7.20) Factor analysis for the qualities of the service items (UK)

Items	Factor 1	Factor 2
Fees		.800
Interest rates		.893
Credit availability		.509
Accuracy	.808	
Confidentiality	.770	
Speedy services	.829	

- Percentage of variance explained = 61.34 %

Table (7.21) Factor analysis for the qualities of the service items (Combined)

Items	Factor 1	Factor 2
Fees		.663
Interest rates		.841
Credit availability		.685
Accuracy	.804	
Confidentiality	.757	
Speedy services	.779	

*Percentage of variance explained = 59.55 %

In assessing the overall fit of each factor solution two issues should be discussed. Firstly the total amount of variance explained by each solution, which is not uncommon to be less than (0.60%). As Hair et al (1998, P104) point out that "*In social science, where information is often less precise, it is not uncommon to consider a solution that accounts for 60 percent of the total variance (and in some instances even less) as satisfactory*". Based on this the total amount of variance explained in all the three cases is considered satisfactory. Secondly regarding the statistical significance (i.e. the correlation between the original item and the factor) [factor loading or commonalties] this should be .45 for samples of 150-199 subjects (both Egypt and the UK) and it should be .35 for samples of 250-349 subjects for a significance level

of .05 (Hair et al, 1998). Based on this the entire factor loading is considered significant.

Examining the previous factor structure would results in finding an identical factor structure between Egypt and UK samples except for the fees item which load on the other factor in the Egyptian data. This could be attributed to the fact that only 36% of the Egyptian sample has a loan agreement with their bank compared to 53% of the UK sample, and regarding the overdraft only 40% of the Egyptian sample have overdraft facilities compared to 65% in the UK. So the item of fees is not highly correlated with the items of credit availability and interest rates in Egypt, while it is highly correlated to those items in the UK.

Regarding the degree of similarity between the Egyptian and the UK factor structure, the "congruence coefficient" should be calculated between the two factor structures. This coefficient measures the degree to which the magnitude of factor loading on a certain factor has a pattern similar to the magnitude of loading on the comparison factor. A lot of cross-national researchers refer to it as a better indicator of the degree of similarity of factor structure rather than the subjective judgement especially when there is a need for quantitative comparisons (Butcher and Han 1996; Davenport 1990; Korth and Tucker 1975; Buss and Royce 1975). Davenport (1990) explained the calculation of the congruence coefficient, which is:

$$C = f1*f2/ \quad (f1*f1)(f2*f2)$$

[Where f1 and f2 are the vectors of item commonalties for the two compared factors]

Although Davenport (1990) and Butcher and Han (1996) pointed out that this coefficient is similar to the correlation coefficient and ranges from +1 for perfect agreement to -1 for perfect inverse agreement to zero for no agreement, Korth and Tucker (1975) argue that "critical value" should be specified for each case. The congruence coefficient should be greater than or equal to this critical value, and they point out that with confidence level = .05 and for two factors out of 10 items this critical value = .70 (this critical value should increased by a small margin as the number of items decreased and the number of factors increased).

The congruence coefficient between the Egyptian and the UK data for the two factors included in this solution were .95 and .90 respectively, which suggests a very high degree of congruence between the two countries. This perfect congruence in addition to the ease of interpretation (Gorsuch, 1983) supports the use of the results of the combined sample to represent the selection criteria in both countries. Again this

high congruence gives more evidence of both the construct equivalence and translation equivalence as well (Vijver and Leung 1997; Mullen 1995; Malhotra 1996; Hui and Triandis 1985).

Finally regarding labelling those two items, the researcher decided to label them as the "Non-financial items" and the "Financial items" of the selection criteria for factor 1 and factor 2 respectively. As the first factor include the non-financial characteristics of the service and the second factor include the financial ones.

7.6.4.2 Factor Analysis for Qualities of the Service Provider Items

The same sequence adopted in discussing the factor analysis of the qualities of the service itself will be adopted here and in the next sub-section as well. Starting with evaluating the appropriateness of factor analysis for this data set, tables (7.22) and (7.23) present the anti-image correlation and the MSA values for the items included in the factor analysis.

Table (7.22) Anti-image correlation

Correlation coefficient range	No. Egypt	No. UK	No. Combined
Less than 0.1	33	39	45
0.1 – less than 0.2	17	14	11
0.2 – less than 0.3	7	5	7
0.3 – less than 0.4	6	4	1
0.4 and over	3	4	2

Table (7.23) The MSA values

Items	Egypt	UK	Combined
Courteous staff	.689	.768	.864
Knowledgeable staff	.881	.704	.822
Understandable staff	.789	.710	.898
Clear communication	.723	.781	.839
Modern looking equipment	.845	.788	.825
Visually appealing materials	.814	.787	.819
Convenient location	.784	.721	.872
Availability of internet	.846	.554	.774
Complete range of services	.839	.737	.852
Large size of the bank	.893	.791	.884
Global bank	.890	.801	.875
Reputation	.873	.786	.872

The previous results suggest that this data set is appropriate for running data analysis on it as the anti-image correlation is weak and the MSA values for each item is high. Regarding the MSA index for the whole data set it was 0.825 for Egypt, 0.760 for the UK and 0.848 for the combined sample, with levels of significance of the Bartlett test of sphericity = 0.000 in the three cases. This supports the previous results and suggests appropriateness of data for factor analysis. The results of the factor analysis of the qualities of the service provider are presented in the following tables.

Table (7.24) Factor analysis for the qualities of the service provider items (Egypt)

Items	Factor 1	Factor 2
Courteous staff		.829
Knowledgeable staff		.781
Understandable staff		.693
Clear communication		.532
Modern looking equipment	.805	
Visually appealing materials	.741	
Convenient location		.566
Availability of internet	.780	
Complete range of services	.687	
Large size of the bank	.759	
Global bank	.764	
Reputation	.571	

* Percentage of variance explained = 54.28 %

Table (7.25) Factor analysis for the qualities of the service provider items (UK)

Items	Factor 1	Factor 2	Factor 3
Courteous staff		.674	
Knowledgeable staff		.842	
Understandable staff		.541	
Clear communication		.778	
Modern looking equipment	.838		
Visually appealing materials	.815		
Convenient location			-.480
Availability of internet			.845
Complete range of services			.646
Large size of the bank	.796		
Global bank	.838		
Reputation	.707		

* Percentage of variance explained = .61.30 %

Table (7.26) Factor analysis for the qualities of the service provider items (Combined)

Items	Factor 1	Factor 2	Factor 3
Courteous staff		.727	
Knowledgeable staff		.781	
Understandable staff		.620	
Clear communication		.663	
Modern looking equipment	.831		
Visually appealing materials	.810		
Convenient location		.492	
Availability of internet			.878
Complete range of services			.773
Large size of the bank	.781		
Global bank	.766		
Reputation	.718		

* Percentage of variance explained = 60.11 %

Regarding the overall fit of the previous factor solutions, the total amount of variance explained in the three solutions could be considered satisfactory and the commonalties of the items could be considered significant.

Examining the factor structure between the Egyptian and UK data sets results in finding highly similar factor structure except for three items that loaded on a separate factor in the UK solution. The congruence coefficients for the two similar factors are .82 and .96 respectively, which suggests a very high congruence coefficient for those two factors, and again supports the use of a combined sample factor structure as well as the construct and translation equivalence.

Regarding labelling of the factors, factor 1 is going to be called "hard items" as it includes the physical hard characteristics of the selection criteria. Factor 2 will be called the "soft items" as it includes the non-physical characteristics of the selection criteria. Finally factor 3 will be called "extra items" as it includes some extra characteristics of the bank selection criteria.

7.6.4.3 Factor Analysis for Interaction Items

As presented before, the same sequence adopted in discussing the factor analysis of the qualities of the service itself and the qualities of the service provider will be adopted here. Regarding the evaluation of the appropriateness of factor analysis for this data set, tables (7.27) and (7.28) present the anti-image correlation and the MSA values for the items included in the factor analysis.

Table (7.27) Anti-image correlation

Correlation coefficient range	No. Egypt	No. UK	No. Combined
Less than 0.1	13	12	15
0.1 – less than 0.2	7	9	6
0.2 – less than 0.3	5	5	4
0.3 – less than 0.4	1	0	1
0.4 and over	2	2	2

Table (7.28) The MSA values

Items	Egypt	UK	Combined
Getting on well with the manager	.742	.722	.746
Existence of a bank officer	.746	.691	.753
Good complain handling	.687	.809	.718
The bank providing useful information	.814	.802	.753
Supporting the customers in difficult business times	.639	.714	.693
Long term commitment	.682	.702	.702
Recommendation	.613	.832	.694
Previous experience	.495	.605	.549

The previous results suggest that this data set is appropriate for running data analysis, as the anti-image correlation is weak and the MSA values for each item are satisfactory. Regarding the MSA index for the whole data set it was 0.675 for Egypt, 0.736 for the UK and 0.705 for the combined sample, with levels of significance of the Bartlett test of sphericity = 0.000 in the three cases. This supports the previous results and suggests that this data set is appropriate for factor analysis. The results of the factor analysis of the interaction items are presented in the following tables.

Table (7.29) Factor analysis for the interaction items (Egypt)

Items	Factor 1	Factor 2	Factor 3
Getting on well with the manager	.646		
Existence of a bank officer			.808
Good complain handling			.794
The bank providing useful information			.572
Supporting the customers in difficult business times	.806		
Long term commitment	.842		
Recommendation		.836	
Previous experience		.878	

* Percentage of variance explained = 64.85 %

Table (7.30) Factor analysis for the interaction items (UK)

Items	Factor 1	Factor 2	Factor 3
Getting on well with the manager		-.810	
Existence of a bank officer		-.832	
Good complain handling	.619		
The bank providing useful information		-.701	
Supporting the customers in difficult business times	.857		
Long term commitment	.863		
Recommendation			.617
Previous experience			.909

* Percentage of variance explained = 67.08 %

Table (7.31) Factor analysis for the interaction items (Combined)

Items	Factor 1	Factor 2
Getting on well with the manager	.577	
Existence of a bank officer	.591	
Good complain handling	.703	
The bank providing useful information	.683	
Supporting the customers in difficult business times	.665	
Long term commitment	.719	
Recommendation		.803
Previous experience		.847

* Percentage of variance explained = 51.71 %

Regarding the overall fit of the previous factor solutions, the total amount of variance explained in the three solutions could be considered satisfactory and the commonalties of the items could be considered significant.

In examining the factor structure between the Egyptian and the UK data sets results in finding a highly similar factor structure except for two items. The congruence coefficients for the three similar factors are .88, .93 and .76 respectively, which suggest high congruence coefficient for the first two factors and a satisfactory congruence coefficient for the third factor (critical value = .70). Again, as mentioned before, these results support the use of a combined sample factor structure, which

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produced only two factors, as well as supporting the construct and translation equivalence.

Regarding the labels of the factors, factor 1 is going to be called "relationship items" as it include the relationship characteristics of the selection criteria. Factor 2 will be called the "recommendation and experience" as it includes the recommendation and the previous experience items of the selection criteria.

7.6.4.4 Conclusion

This section discussed the four issues of validity analysis, face, content, criterion and construct validity. The results suggest that this research has face, criterion and construct validity. The results of the factor analysis show a high degree of factor structure congruence, which supports the construct and the translation equivalence and at the same time suggests combining the two samples together and depending on the results of this combined sample in the interpretation. The factor analysis results could be used to interpret the suggested framework of the small business customers' bank selection criteria presented in chapter three. This framework divides selection criteria into two main groups of factors, quality and interaction, and again it sub-divides the quality dimension into two sub-dimensions, qualities of the service itself and qualities of the service provider. The factor analysis results show that under the qualities of the service itself one could fined two factors: non-financial items factor and financial items factor. Under the qualities of the service provider one could find three factors: the hard items factor, the soft items factor and the extra items factor. Finally under the interaction dimension one could find two factors Those are the relationship items factor and the history items factor, which group both the recommendation and experience together. These results of the factor analysis give more support to the validity of this research.

7.7   Reliability Analysis

Baggozi (1996, P17) defined reliability as *"The amount of agreement between independent attempts to measure the same theoretical construct"*, i.e. whether construct measures could yield consistent results, or the degree to which measurements are free from random error and provide consistent results. Peter (1979) pointed out that reliability is a necessary but not sufficient condition for validity, as it

only deals with random error and not systematic error. He and others (Baggozi 1996; McDaniel and Gates 1999; Churchill 1999; Parasuraman 1986) explained that there are three different ways in assessing reliability: test-retest, equivalent forms and internal consistency, which are going to be discussed in the next sub-sections.

7.7.1 Test-Retest Reliability

McDaniel and Gates (1999, P304) defined test-retest reliability as "*The ability of the same instrument to produce consistent results when used a second time under conditions as nearly the same as possible*" This test tries to measure the stability of the construct over time. Baggozi (1996, P17) points out that "*The higher the correlation, the more stable or reliable intentions*" and Peter (1979) explained that a two week interval between the test and retest is the generally recommended retest period.

Based on the previous explanation, the researcher applied this test during the data collection phase and out of the sixteen pilot interviews, on the second wave, eight interviewees complete the questionnaire two times. One time during the interview (on a draft format of the questionnaire) and the second time during the main survey (on the final format of the questionnaire). It should be noted that there were no main differences between the two versions of the questionnaire, apart from minor modifications. The correlation coefficient between the two completed questionnaires of the main construct items (selection criteria) ranges from a minimum of 0.711 and a maximum of 0.988, which suggests a high degree of reliability regarding its stability over time. In order to be more confident the researcher decided to run the independent sample t test, to test for differences between the two versions of answers. The results show that the null hypothesis of equality could not be rejected (p> 0.05), which means that there is no evidence to support the detection of differences between the two versions (i.e. no differences could be detected between the two waves of answers).

7.7.2 Equivalent Form Reliability

Peter (1979) explained that this type of reliability depends on measuring the same construct with different scales in different points of time and if the scales produce similar results then it could be concluded that the construct is reliable, but McDaniel and Gates (1999) emphasised that two problems are related to this type of equivalence: the first is that it is difficult and sometimes impossible to create two totally equivalent

forms, and the second is that for the equivalence achieved it might not be worth the time, trouble and expense involved. This research did not engage in achieving this type of reliability as it exceeds the researcher's time and financial capabilities.

7.7.3 Internal Consistency Reliability

McDaniel and Gates (1999, P307) defined internal consistency reliability as the *"Ability to produce the similar results using different samples to measure a phenomenon during the same time period"*. The basic form for measuring this type of validity is the split-halves, which is done by dividing the scale into two groups and correlating the results, but methodology researchers emphasise the problem of different results achieved based on how the items are split in half (Peter 1979; McDaniel and Gates 1999; Churchill 1999). In order to overcome this problem, the use of Cronbach alpha is suggested, which determines the mean reliability coefficient for all possible ways for splitting a set of items in half, but before presenting the coefficients for the main constructs in the two studied countries five points have to be mentioned:

1- Hair et al (1998, P611) explained that "Unidimensionality" is an assumption underlying the calculation of alpha and they emphasised that *"Researcher is encouraged to perform unidimensionality tests on all multiple indicator constructs before assessing their reliability"*. So construct validity had to be tested before reliability.

2- The acceptable level of the alpha coefficient is .70 and in exploratory research is 0.60, but Peter (1979) as well as Diamantopoulos and Hart (1993) argue that 0.50 is acceptable in early stages of research and they further argue that lower level than this might be acceptable if the construct is of special importance.

3- Hair et al (1998) and Peter (1979) point out that an increase the number of items included in the construct results in increase in the reliability coefficient (i.e. having less numbers of items might results in a lower level of alpha). Morris and Pavett (1992), attribute their lower level of alpha to the small number of items per scale and the small size of the sample as well.

4- Peter (1979) explained that the alpha coefficient should not be employed for scales containing less than three items.

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5- Both Malhotra (1996) and Craig and Douglas (2000) emphasised the importance of calculating and comparing the reliability coefficients for the different studied countries, as a means to argue for the measurement equivalence (as explained in section 7.2).

Based on the previous discussion, table (7.32) presents the alpha coefficients for the main unidimensional constructs in this research.

Table (7.32) Cronbach alpha coefficients

Factor	Egypt	UK
1- Financial items (3 items)	α= .542	α= .523
2- Non-financial items (3 items)	α= .668	α= .707
3- Hard items (5 items)	α= .827	α= .863
4- Soft items (5 items)	α= .743	α= .588
5- Relationship items (6 items)	α= .695	α= .774

From the previous table one could conclude that the reliability coefficient is within the satisfactory level, which again supports the argument that the research instrument was reliable in relation to the issue of internal consistency, but three points had to be raised here:

1- The reliability coefficient could be considered satisfactory except for the financial items, which could be attributed to the fact that this item had to be compressed in order to reach an appropriate length of the questionnaire and on the other hand it contains only three items.

2- The alpha coefficient was not calculated for both factors of extra items and recommendation and experience because each of them consists of only two items.

3- The slight differences in the results of alpha coefficient between table (7.1) and this table (7.32) is because table (7.1) used the factor analysis results of each country, while this table used the combined sample result of factor analysis.

7.8 Conclusion

This chapter tried to explain the methodological issues after the implementation of the research instrument in data collection. It had been divided into eight sections starting with the introduction and ending with the conclusion. The main six sections started with presenting the issues of measurement equivalence including the calibration and metric (scalar and response) equivalence and this section ended with confirming the measurement equivalence in this research. Next there were the presentation of the response rate and the assessment of the non-response bias, ending by suggesting that no response bias could be detected in this research, followed by the descriptive analysis of the data, which showed a high degree of representatives in each country. The last two sections discussed the issues of validity (face, content, criterion and construct) and reliability (test-retest, equivalent forms and internal consistency). These results suggest that the measurement instrument enjoys a satisfactory degree of both validity and reliability and this data set could be used confidently in interpreting the differences between the two studied countries.

Chapter Eight

Data Analysis: The Main Findings

8.1 Introduction

The previous chapter presents the issues of response rate, non-response bias assessment, the descriptive statistics, validity and reliability results of the main measurement instrument (the questionnaire) as well as the results of the measurement equivalence. This chapter is going to present the main findings of the research, including; the determinant attributes of bank selection criteria in both countries, followed by a discussion of segmenting the banks' small business market, based on sociographic segmentation in both Egypt and the UK as well. The third section (8.4) will be devoted to discussing the issue of switching banks, as it might be argued that it will work as a hygiene factor to prevent customers switching until a detailed study is conducted about how the bank should retain its customers (as explained in chapter three). This section will present and discuss the reasons behind bank switching running a factor analysis aiming to define the main themes in switching reasons and even trying to define different groups of small business customers according to their switching reasons, as problem segmentation is one of the most recommended approaches in segmenting a market (i.e. segmentation based on the buyer's problems) (Martin, 1986). The next chapter will present the results of the hypotheses testing followed by a discussion of all the research findings.

8.2 The Determinant Bank Selection Criteria

As discussed earlier in chapter two, the determinant selection criteria are not just the important selection criteria, but they are the outcome of multiplying the relative degree of importance associated with each characteristic, by the relative degree of dissimilarity between different service providers in respect to those characteristics. These determinant attributes, rather than the important attributes, should be the basis for positioning strategies (Anderson et al 1976; Khazeh and Decker 1992-1993; Edris and Almahmeed 1997). Based on that the scores of the determinant attributes had been calculated for each respondent by multiplying the degree of relative importance he/she associated with each characteristic by the degree of relative dissimilarity between

different banks' offers associated with these characteristics (i.e. Determinant = Importance X Dissimilarity). So the maximum score level for any characteristic could be 49 (7X7), that is extremely important (7) and at the same time extremely dissimilar (7). While the minimum score level could be 1 (1X1), that is not at all important (1) and at the same time extremely similar (1). The following table (8.1) presents the mean score of determinacy and its rank of order according to determinacy and at the same time the mean score of importance and its rank of order for each country.

Table (8.1) the determinant and important criteria in bank selection

Criteria	Determinant/ Important							
	Egypt				UK			
	Determinant		Important		Determinant		Important	
	Mean Score	Rank	Mean Score	Rank	Mean Score	Rank	Mean Score	Rank
1- Low fees, charges and commissions	24.972	19	6.327	5	21.740	11	6.166	6
2- Competitive debit and credit interest rates	23.806	22	6.302	6	21.503	12	6.057	7
3- Credit availability	28.348	13	6.223	7	23.068	7	5.660	13
4- Accuracy	31.870	4	6.609	1	24.338	4	6.513	1
5- Confidentiality	25.673	17	6.487	3	19.745	16	6.321	3
6- Speedy services and doing it right from the first time	32.785	2	6.503	2	25.153	3	6.468	2
7- Staff who are courteous, friendly and helpful	31.578	6	6.333	4	20.872	13	5.795	12
8- Staff who are knowledgeable, skilful and trustworthy	29.865	8	5.928	12	22.432	8	6.255	4
9- Staff who understand your business and industry	31.007	7	6.171	9	22.427	9	5.810	11
10- Getting on well with your proposed account manager	28.145	15	5.642	15	23.218	6	6.000	8
11- Clear communication from the bank to its customers	29.090	12	6.132	11	23.568	5	6.000	8
12- Modern looking equipment and visually appealing facilities	22.203	23	4.296	24	12.687	23	3.605	25
13- Visually appealing associated materials (cheque book, cards …etc)	19.662	24	4.087	25	11.833	24	3.361	26
14- Convenient bank location	29.192	11	5.591	17	21.746	10	5.089	17
15- Availability of Internet banking services	25.110	18	4.611	20	16.891	20	4.462	21
16- Availability of full and modern range of services	29.531	9	5.667	14	17.738	18	5.256	16
17- Existence of a bank officer responsible for all your company banking operations	29.385	10	5.604	16	20.718	15	5.641	14
18- Good complaint handling	32.007	3	6.138	10	20.858	14	5.583	15
19- Large size of the bank assets	24.701	20	4.573	21	17.500	19	4.090	23
20- Being a global bank	23.951	21	4.433	23	15.932	22	3.745	24
21- The bank provides its customers with useful business related information	27.056	16	5.273	19	16.149	21	4.391	22
22- The reputation of the bank	28.304	14	5.351	18	18.073	17	4.821	18
23- The bank supports customers experiencing difficult business conditions	33.755	1	6.209	8	26.678	1	5.918	10
24- The bank has a long term commitment to its customers	31.653	5	5.927	13	25.440	2	6.177	5
25- Recommendation by others	-	-	3.777	26	-	-	4.662	20
26- Previous experience in dealing with this bank	-	-	4.470	22	-	-	4.697	19

The previous table shows the folly of relying on the importance of mean scores in building positioning strategies. Some of the perceived important factors might not be highly determinant in the selection decision, as customers see the different competing

companies as equal across those important criteria, which reduces their determinacy power in the selection decision and raises the determinacy of less important criteria (Jobber, 1998). For example in Egypt, attributes ranked 8th, 10th and 13th regarding importance had been ranked 1st, 3rd and 5th regarding determinacy. In UK, attributes ranked 8th and 10th in importance ranked 1st and 5th regarding determinacy. This table shows that the most determinant five attributes in the decision of bank selection were, in Egypt: bank support, speedy services, good complaint handling, accuracy and long term commitment, while in the UK those items were support, long term commitment, speedy service, accuracy and clear communication. This suggests a high degree of congruence regarding the determinant attributes affecting customers choice of banks, and this have the potential to be used as a basis for positioning strategies in both countries (the issue of which attributes and factors are more important than others will be exposed to detailed discussion in the hypotheses testing chapter).

These criteria, as explained in the previous chapter, showed that a number of factors could be extracted from it, but which groups of these criteria (factors) are more determinant than the others? i.e. are the financial items more important than non-financial items, or vice versa? A straightforward answer to such a question is difficult, as attributes belonging to different factors were ranked in an inconsistent way. In order to solve this issue the researcher decided to depend on the summated scales of the factors representing those determinant attributes as suggested by Hair et al (1998). In order to do this a factor analysis had to be run on the item representing the determinant attributes in order to ensure its Unidimensionality under certain factors (just as it had been done on the items representing important selection criteria). Both the two versions of the factor analysis (Egypt and UK) had enjoyed a low level of anti-image correlation, a high level of (MSA) and a significant level of the Bartlett test (see the appendix). The results of the factor analysis suggested a very high degree of congruence between the factor solutions (see appendix C), which support the use of the combined sample results in forming the summated scale (as previously discussed in details in chapter seven).

The results of the combined factor analysis suggest six factors titled: financial items, non-financial items, hard items, soft items, relationship items and recommendation and experience items. The summated scales had been calculated based on Hair et al's (1998, P116) explanation *"All of the variables loading highly on a factor are combined, and the total- or more commonly the average score of the variables- is used*

as a replacement variable". These summated scales, which represent all the items loaded on the factors, had been compared all together once in Egypt and secondly in the UK using all the possible combinations of the paired sample t-test, in order to see whether these differences in mean scores between the summated scales are significant or not? Tables (8.2) and (8.3) summarise the results of this comparison in the two countries

Table (8.2) Independent sample t-test for the determinant summated scale

Determinant factor	Egypt mean score	UK mean score	Sig. of t (2-tailed)
1- Financial items	25.870	22.034	.002
2- Non-financial items	30.018	22.946	.000
3- Hard items	25.826	16.328	.000
4- Soft items	30.627	22.398	.000
5- Relationship items	30.920	22.196	.000
6- Recommendation and experience items	16.405	18.761	.001

Table (8.3) t-test results for the compared determinant summated scales

Pairs Compared	Significance of the t value	
	Egypt	UK
1- Pair 1 financial – non-financial	.000	.141
2- Pair 2 financial - hard	.989	.000
3- Pair 3 financial - soft	.000	.725
4- Pair 4 financial - relationship	.000	.641
5- Pair 5 financial - recommendation	.000	.000
6- Pair 6 non-financial - hard	.000	.000
7- Pair 7 non-financial - soft	.687	.251
8- Pair 8 non-financial - relationship	.638	.288
9- Pair 9 non-financial - recommendation	.000	.000
10- Pair 10 hard - soft	.000	.000
11- Pair 11 hard - relationship	.000	.000
12- Pair 12 hard - recommendation	.000	.000
13- Pair 13 soft - relationship	.902	.822
14- Pair 14 soft - recommendation	.000	.000
15- Pair 15 relationship - recommendation	.000	.000

Before discussing the results presented in the previous tables an important issue needs more clarification. That is, why the researcher used the summated scale based on average scores of items loaded on each factor rather than the two other techniques (single surrogate variable and factor scores itself)? The answer could be based on Hair et al's (1998, P120) explanation of the following decision rule *"If data are used only in the original sample or orthogonality must be maintained, factor scores are suitable. If generalizability or transferability is desired, then summated scale or surrogate variables are more appropriate. If the summated scale is well-constructed, valid and reliable instrument, then it is probably the best alternative"*. As the main objective of this research is to define similarities and differences in the two studied countries and to offer a basis for further comparisons between other countries, and at the same time as the summated scale is well-constructed, valid and reliable then the summated scale based on the average is the best alternative in this situation.

After explaining why the summated scales had been used in determining the relative influence of the different factors, the results in both countries could be discussed. In Egypt the previous tables show that although rank order of these summated scales according to its mean score suggest the following order: relationship items, soft items, non-financial items, financial items, hard items and finally recommendation items, the results of the paired samples t-test could not support such an order. The comparison between the relationship items, soft items and non-financial items could not find any significant differences. Based on that one could conclude that relationship items, soft items and non-financial items are sharing the first place of determinacy with no significant differences between them. After them come both the financial items and hard items, again with no significant differences between them in the fourth and fifth place of order. Finally comes the recommendation and experience items summated scale in the sixth and last place.

In the UK the picture is to some extent the same, as the mean scores of the summated scales suggest the following order: non-financial items, soft items, relationship items, financial items, recommendation and experience items and hard items. But again the results of the paired samples t-test suggest that there are no significant differences between the first four summated scales occupying the first four places (non-financial items, soft items, relationship items and financial items), while the recommendation and experience items summated scale is occupying the fifth place

and significantly differs from the hard items summated scale, which occupies the sixth and last place of determinacy in the decision of bank selection.

These results should not be considered disappointing for two reasons. Firstly the results will be subjected to a detailed analysis in the following sections which will helps in more clarification of the picture. Secondly Khazeh and Decker (1992-1993, P44) pointed out that *"Banks may be able to gain customers by competing in dimensions which are ranked high in importance, but not particularly high as determinant attributes owing to little perceived variation from bank to bank"*.

Finally are there any differences between the Egyptian and UK results regarding the determinant selection criteria? The two independent sample t-test had been used to define such differences, if any. Table (8.2) presents the results of the t-test regarding the differences of these determinant factors in both countries. This table shows that all the determinant factors differ significantly between the two studied countries. Almost all these factors have more determinacy power in Egypt compared to the UK (except for the recommendation and experience items, where the UK results are significantly more determinant than the Egyptian results). This could be attributed to the fact, which was found in the exploratory pilot interviews, that most of the Egyptian banks had failed in meeting its small business customers' expectations, since all of the interviewed small business customers were dissatisfied with their bank(s). So it is not abnormal to see that the Egyptian sample gave more determinacy power to these factors in the decision of bank selection compared to the UK sample.

In conclusion the most determinant attributes in the decision of bank selection for small business customers looks similar in both Egypt and the UK, as four out of the most five determinant attributes were similar in both countries. In comparing the determinant factors (rather than the individual attributes themselves) the same result could be concluded. As the first three determinant factors in the Egyptian sample, with no significant differences between them, were relationship, soft and non-financial items. However the first four determinant factors in the UK sample, with no significant differences between them, were non-financial, soft, relationship and financial items. These findings give support to the argument that similar positioning strategies could be adopted in both countries, but this of course needs more evidence, which will be discussed in the rest of this chapter and the following one.

8.3 Important Bank Selection Criteria

The previous section explained the picture regarding the determinant selection criteria, but an important question remain unanswered, which is, what about the important selection criteria; is the picture is the same as the determinant one or does it differ? The same scenario adopted in the previous section will be adopted here as well, i.e. depending on the results of the summated scales of the important factors and the use the paired sample t-test. Table (8.4) presents the mean scores of the seven summated scales in each country as well as the level of significance regarding the difference in means between those two countries.

Table (8.4) Independent sample t-test for the important summated scale

Important factor	Egypt mean score	UK mean score	Sig. of t (2-tailed)
1- Non-financial items	6.2439	5.9595	.013
2- Financial items	6.5149	6.4324	.322
3- Hard items	4.5138	3.9108	.000
4- Soft items	6.0211	5.7919	.025
5- Extra items	5.0447	4.9054	.474
6- Relationship items	5.8238	5.6160	.073
7- Experience and recommendation items	4.0772	4.6723	.001

The previous table suggests that for those seven summated scales, four of them differ between the two countries (Egypt is higher in three, and the UK is higher in one), while for the other three summated scales there were no significant differences in means between the two countries (section 8.6 will present very detailed discussion on this part). The previous table suggests almost identical rank of order to these factors. In Egypt the order was; financial items, non-financial items, soft items, relationship items, extra items, hard items and finally the experience and recommendation items. In the UK it was the same order except for the hard items and the experience and recommendation items as they switch their places in the order, i.e. experience and recommendation items occupy the sixth place, while the hard items occupy the final place of importance. One remaining question to answer, that is whether this rank is

significant or not? The answer could be presented using the paired sample t-test. Table (8.5) presents the answer to this question.

This table shows that in Egypt the order could be accepted with a high degree of confidence as all the differences in means between all the pairs of the summated scales are significant, while in the UK for only one pair the difference in means was not significant, i.e. those two summated scales are not different (the extra items and the experience and recommendation items).

These results strengthen the argument that there are similarities between the small business customers in those two countries, and a similar positioning strategy could be applied in both countries. This conclusion needs more support by trying to define the similarities and differences among the small business customers, and that is what is going to be presented in the following sections of this chapter.

Table (8.5) t-test results for the compared important summated scales

Pairs Compared	Significance of the t value	
	Egypt	UK
1- Pair 1 non-financial- financial	.003	.000
2- Pair 2 non-financial - hard	.000	.000
3- Pair 3 non-financial - soft	.028	.027
4- Pair 4 non-financial - extra	.000	.000
5- Pair 5 non-financial - relationship	.000	.000
6- Pair 6 non-financial - recommendation	.000	.000
7- Pair 7 financial - hard	.000	.000
8- Pair 8 financial - soft	.000	.000
9- Pair 9 financial - extra	.000	.000
10- Pair 10 financial - relationship	.000	.000
11- Pair 11 financial - recommendation	.000	.000
12- Pair 12 hard - soft	.000	.000
13- Pair 13 hard - extra	.000	.000
14- Pair 14 hard - relationship	.000	.000
15- Pair 15 hard - recommendation	.002	.000
16- Pair 16 soft - extra	.000	.000
17- Pair 17 soft - relationship	.008	.004
18- Pair 18 soft - recommendation	.000	.000
19- Pair 19 extra - relationship	.000	.000
20- Pair 20 extra - recommendation	.000	.252
21- Pair 21 relationship - recommendation	.000	.000

8.4 Segmenting the Banks' Small Business Market

As has been explained in detail in chapter two, positioning mainly depends on the ability of the organisation to segment its market and target a segment(s) of this market. This raises the importance of understanding how the small business market in both countries is segmented and what are the similarities and differences between those segments as a step in building a successful positioning strategy. A number of researchers had emphasised the superiority of sociographic segmentation (segmentation based on organisational buying behaviour and factors influencing the purchasing decision) over the traditional demographic segmentation especially in financial markets (Anderson et al 1976; Wills 1985; Martin 1987; File and Prince 1991; Mols et al 1997). The objective of the cluster analysis here was trying to develop a taxonomy of the small business bank customers in both countries, based on their important selection criteria (as it reflect their needs), in an attempt to define similar clusters of customers for which similar positioning strategies could be adopted. In order to achieve such an objective a number of decisions regarding the research design and methodology had to be decided on. As Hair et al (1998, P482) explained that *"The research design issue and the choice of methodologies made by the researcher have a greater impact than perhaps with any other multivariate technique"*.

Starting with the issue of which variables will be included in the cluster analysis, Hair et al (1998) pointed out that either the original variables or the summated scales for factor analysis could be used in performing the cluster solution with superiority of one over the other. Based on this the summated scale for the factor analysis had been used as it offered better interpretation of the results and on the other hand it helped in reducing the noise in the data (Alshumaimeri 1998).

Before performing the cluster analysis and interpreting the results any researcher should detect outliers, as cluster analysis is very sensitive for them, and check for representativeness as well as multicollinearity and decide whether to standardise the variables used or not. In detecting outliers, although this issue is not of great importance in this research as all the variables used in performing the cluster analysis were measured on a seven point-Likert scale, the researcher checked for outliers on the seven summated scales used in the cluster by converting the data values to standard

scores and using a threshold value of 4 as suggested by Hair et al (1998), and the results show that no outliers could be detected.

Regarding representativeness of the used samples of the population, this research had checked the representativeness of both the two samples in chapter seven and it had been demonstrated that these samples are considered to be representative of their populations.

For multicollinearity diagnosis this research depended on the two techniques suggested by Hair et al (1998). The first one depended on the tolerance and VIF value, which explains the amount of variability of the variable not explained by the other variables (VIF = 1/ tolerance). The common cut-off threshold is a tolerance value of .10, which corresponds to a VIF value above 10 (Hair et al, 1998). The second test for multicollinearity depend on identifying all "condition Indices" above a threshold value of 30 and for all those conditions identify variables with "variance proportions" of .90 or above. For the first test all the used variables were below the specified tolerance values and for the second test all the variables with condition index = 30 or above did not show any variance proportions exceeding 90 percent. These results suggest that the data used for performing the cluster analysis are free from significant multicollinearity and the results of the cluster analysis could be interpreted with a high degree of confidence.

Finally in deciding whether or not to use standardised data, the literature on cross-national research methodology supports the use of unstandardised data (Singh 1994; Malhotra et al 1996; Vijver and Leung 1997). This recommendation is based on the fact that standardising the scores will result in eliminating the cross-national differences in means and standard deviation so this procedure should be adopted only if the data are contaminated with severe response bias. As this is not the case in this research, as it had been demonstrated that there was no evidence of response style bias, the researcher decided to use the unstandardised data.

After examining the data for outliers, representativeness and multicollinearity the cluster analysis could be performed on the unstandardised data, but which cluster procedures (hierarchical or nonhierarchical) should be used? Hair et al (1998, P503) explained that the best approach is to use both methods *"The first step in the partitioning stage uses the hierarchical procedure to identify the appropriate number of clusters. Then in step 2 we use nonhierarchical procedures to fine-tune the results even further"*. Based on this recommendation this research performed both procedures

of cluster analysis. In the hierarchical procedures "Ward's method" had been used in order to minimise the within cluster differences, and the "squared Euclidean distance" had been used as the type of distance (similarity) measure, since it is the recommended distance measure for the Ward's method and because the variables were of metric measure (Hair et al, 1998). The appropriate number of clusters had been determined based on calculating the changes in the agglomeration coefficients, as joining two very different clusters results in a large percentage increase in the coefficient and vice-versa. The agglomeration coefficients and the percentage of increase in it are presented in table (8.6).

Table (8.6) The agglomeration coefficients

Egypt				UK			
No. of Clusters	Stage	Coefficient	Increase %	No. of Clusters	Stage	Coefficient	Increase %
5	118	568.89	10.38	5	143	579.15	9.34
4	119	627.93	17.24	4	144	633.81	15.53
3	120	736.17	24.80	3	145	732.28	23.72
2	121	918.71	45.97	2	146	905.98	32.18
1	122	1341.07	-	1	147	1197.54	-

The above table shows that in Egypt the largest percent increase in the agglomeration coefficients was in moving from one to two clusters and the one following it was in moving from two to three clusters. In the UK one can find the same case as the largest percent increase was in moving from one to two clusters followed by moving from two to three clusters. Based on that the two and three clusters solutions should be examined for better interpretation by performing the nonhierarchical procedures.

The researcher had to try the two and three clusters solutions in both countries by using the nonhierarchical procedures in order to decide which one of them offer a better explanation. As Hair et al (1998, P499) suggested *"It is probably best to compute a number of different cluster solutions (e.g. two, three, four) and then decide among the alternative solutions by using a priori criteria, practical judgement, common sense, or theoretical foundations"*.

In deciding which solution should be adopted, the researcher should firstly profile each cluster solution on the variables included in the solutions. Before doing that it should be noted that this profiling should be done on the raw scores of the original variables of the cluster analysis rather than the summated factors used in performing the cluster. As Hair et al (1998, P500) explained "*If the data were standardised or if the cluster analysis was performed using factor analysis (component factor), the researcher would have to go back to the raw scores for the original variables and compute average profiles using these data*". By doing that one can find that the two as well as the three clusters solutions in the two countries will results in a similar significant level regarding the ability of the clusters to distinguish between the original 26 variables using ANOVA, but the three clusters solution in the two countries enjoy a more theoretical foundation than the two clusters solution. It should be noted that examining the pre-assumption for ANOVA, which is the test of homogeneity of variance, using Levene's test will result in concluding that this assumption is violated for most of the variables (22 variables in Egypt and 20 variables in the UK out of 26 variables). This means that the Kruskal-Wallis test should replace the normal ANOVA test, as it is the non-parametric equivalent form of ANOVA (Dancy and Reidy, 1999). The following tables (8.7a) and (8.7b) present the cluster centres of the summated factors used and for the individual variables the mean score for each cluster and the number of cases in each cluster are presented.

Table (8.7a) Clusters centres (Summated scales)

Criteria	Egypt clusters mean				UK clusters mean			
	1	2	3	Sig.	1	2	3	Sig.
1- Non-financial items	6.58	5.97	5.75	.000	5.55	6.50	5.67	.000
2- financial items	6.80	5.77	6.61	.000	6.14	6.77	6.32	.000
3- Hard items	5.45	2.88	4.01	.000	3.60	4.96	2.44	.000
4- Soft items	6.42	4.94	6.19	.000	5.36	6.35	5.49	.000
5- Extra items	5.73	2.88	5.66	.000	5.34	5.63	2.69	.000
6- Relationship items	6.38	4.78	5.59	.000	5.26	6.34	4.87	.000
7- Recommendation and experience items	5.20	3.28	2.25	.000	4.12	5.29	4.48	.000

Table (8.7b) Clusters centres (individual variables)

Criteria	Egypt clusters mean				UK clusters mean			
	1	2	3	Sig.	1	2	3	Sig.
1- Low fees, charges and commissions	6.50	6.00	6.25	.096	5.82	6.48	6.19	.001
2- Competitive debit and credit interest rates	6.56	5.86	5.89	.007	5.61	6.58	5.87	.000
3- Credit availability	6.48	6.03	5.53	.023	5.21	6.43	4.93	.000
4- Accuracy	6.81	5.86	6.71	.000	6.19	6.78	6.61	.000
5- Confidentiality	6.75	5.79	6.50	.000	6.01	6.78	5.96	.000
6- Speedy services and doing it right from the first time	6.80	5.65	6.67	.000	6.21	6.73	6.38	.000
7- Staff who are courteous, friendly and helpful	6.56	5.82	6.57	.008	5.42	6.33	5.35	.000
8- Staff who are knowledgeable, skilful and trustworthy	6.27	4.96	6.10	.002	5.94	6.68	6.03	.000
9- Staff who understand your business and industry	6.56	5.00	6.46	.000	5.36	6.40	5.45	.000
10- Getting on well with your proposed account manager	6.33	4.31	5.42	.000	5.52	6.68	5.41	.000
11- Clear communication from the bank to its customers	6.53	4.79	6.14	.000	5.64	6.61	5.51	.000
12- Modern looking equipment and visually appealing facilities	5.48	2.44	3.42	.000	3.21	4.60	2.12	.000
13- Visually appealing associated materials (cheque book, cards ...etc)	5.01	2.62	3.46	.000	3.01	4.41	1.83	.000
14- Convenient bank location	6.19	4.13	5.64	.000	4.43	5.73	5.09	.000
15- Availability of Internet banking services	5.24	1.96	5.28	.000	5.10	5.23	2.12	.000
16- Availability of full and modern range of services	6.15	3.79	6.21	.000	5.57	6.03	3.25	.000
17- Existence of a bank officer responsible for all your company banking operations	6.06	4.51	5.64	.001	5.52	6.40	4.35	.000
18- Good complaint handling	6.54	5.17	6.25	.000	5.19	6.41	4.64	.000
19- Large size of the bank assets	5.37	3.10	4.00	.000	3.91	5.20	2.38	.000
20- Being a global bank	5.25	2.27	4.21	.000	3.49	4.91	2.00	.000
21- The bank provides its customers with useful business related information	6.10	4.03	4.85	.000	4.01	5.33	3.25	.000
22- The reputation of the bank	6.09	3.96	4.92	.000	4.38	5.68	3.83	.000
23- The bank supports customers experiencing difficult business conditions	6.63	5.55	5.89	.000	5.47	6.55	5.58	.000
24- The bank has a long term commitment to its customers	6.53	5.06	5.67	.000	5.84	6.65	5.93	.000
25- Recommendation by others	5.01	2.48	2.07	.000	4.22	5.25	4.38	.000
26- Previous experience in dealing with this bank	5.42	4.06	2.35	.000	4.01	5.33	4.58	.000
No. of cases/cluster	66	29	28	-	57	60	31	-
% of cases/cluster/country	54%	23.5	22.5	-	38.5	40.5	21	-

The previous table shows the results of profiling the cluster solutions on the original variables used for performing the clusters and the following points could be concluded from it:

1- The first cluster in Egypt as well as the second cluster in the UK are both "The All Good" clusters, i.e. include individuals who require a high level of all the selection criteria compared to the other clusters. This cluster forms 54% of the Egyptian sample, while forming only 40.5% of the UK sample, but it appears from the previous results that both the Egyptian and UK clusters put the highest emphasis on the non-financial characteristics, while at the same time put much

emphasis on relationship, financial and soft items compared to the hard, extras and recommendation & experience items.

2- The second cluster in Egypt, which constitutes 23.5% of the total Egyptian sample, as well as the first cluster in the UK, which constitutes 38.5% of the UK sample, could be named as the "Credit seekers" clusters. They both include individuals who put higher emphasis on "availability of credit" compared to the other two clusters, while they came at the last level of importance, compared to the other clusters, in most of the other compared characteristics.

3- Cluster No. 3 in Egypt, which constitutes 22.5% of the total Egyptian sample, could be named "Convenience seekers". They came on the first level of importance regarding the availability of internet banking, availability of complete range of services, as well as the courteousness of the bank's staff, which suggest that they put more emphasis on the usage convenience of the bank services compared to the other two clusters in Egypt.

4- The final cluster in the UK, which is cluster No. 3 that constitutes 21% of the total UK sample could be named "Return and reliability seekers". This cluster puts more emphasis on both the return characteristics: fees, charges and interest rates, as well as the reliability characteristics such as: accuracy, speed of services, trustworthy and understanding of the staff.

This difference between the final clusters in both countries could be attributed to the fact that Egyptian small business customers depend more on their own source of finance and then seek more convenience while the UK small business customers depend more on bank in financing which raise the importance of its relevant criteria.

After interpreting the cluster solution comes the final stage in cluster analysis, which related to the validation of the results. In order to check for the validity of the proposed cluster solution, Hair et al (1998) suggested two steps, which are profiling this solution but on other variables rather than those included in the solution and applying alternative cluster methods and comparing the solutions. Regarding the first step this research had used the bank switching reasons for performing such a check. As one might argue, although it had not been demonstrated yet, there might be a relationship between the selection criteria and the switching reasons. In doing this the results show the extent to which the switching reasons differentiate between the three different clusters in both the two countries. In Egypt five out of the fourteen switching reasons were significantly different between the three clusters (while another six

variables were almost significant [p < .10]), while in the UK eight out of these fourteen switching reasons were significantly different between the three UK clusters* (where another two variables were almost significant [p < .10]). Table (8.8) summarises these results.

Table (8.8) Profiling the switching reasons

Criteria	Egypt				UK			
	Mean score			Sig.	Mean Score			Sig.
	Cluster No 1	Cluster No 2	Cluster No 3		Cluster No 1	Cluster No 2	Cluster No 3	
1- Increase in fees, charges and commissions	5.89	5.21	5.89	.399	5.61	5.96	5.93	.199
2- Refusal of credit grant or credit extension	6.18	6.21	5.74	.672	5.86	5.95	5.47	.410
3- The bank services become slower	6.34	5.76	6.54	.056	5.34	5.62	4.90	.025
4- Decrease in the level of staff courtesy and friendliness	6.18	5.52	6.11	.057	5.05	5.42	4.63	.018
5- Closure of the local branch	5.37	4.52	5.11	.081	4.05	5.27	4.90	.004
6- Replacing the key contact officer	5.46	4.85	5.29	.175	5.61	6.18	5.43	.047
7- Decrease in the range of services offered	5.53	4.64	5.63	.001	4.68	5.42	4.03	.000
8- Negative comments by others	4.70	3.18	4.23	.001	3.10	3.98	2.60	.000
9- Bank failure to support the business in difficult times	6.28	5.64	5.37	.051	6.09	6.51	6.40	.133
10- Decrease in the level of accuracy	6.46	5.73	6.51	.012	5.59	5.98	5.53	.082
11- Accumulation of lots of minor problems	5.76	4.58	6.09	.001	5.59	5.69	5.63	.882
12- Good advertising by another bank	4.37	3.67	3.63	.076	2.50	3.33	2.00	.000
13- Positive recommendation by others about the quality of another bank	4.41	3.72	3.63	.030	3.57	4.18	3.30	.014
14- Being approached by another bank that offers better services	5.91	5.18	5.31	.078	4.05	4.60	3.80	.080

Depending on the previous results in the above table, one could argue that the results of the cluster analysis are valid. As in Egypt for cluster No. 2 (credit seekers) the refusal of credit was more important as a reason for switching and the failure in support in difficult times was also ranked high in importance, which reflect their main interest in the credit services. For cluster No. 3 (convenience seekers) criteria like slower services, decreased range of services, decreased accuracy, accumulation of minor problems and closure of local branches were ranked high in importance, which

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* Kruskal-Wallis test is used when the Levene test is violated

again confirms that they emphasise the usage convenience of the bank services. For cluster No.1 (all good cluster) in most of the reasons they scored high compared to the other two clusters, which also suggests their high degree of sensitivity for any decrease in the level they were used to on the bank services.

In the UK one can fined similar results, as for cluster No. 1 (credit seekers) they were sensitive to the refusal of credit extension, which reflects their main interest in the credit service. For cluster No. 3 (return and reliability seekers), they show a higher level of importance to reasons of fees, failure and accumulation of problems, which gives support the to the validity of the cluster solution. Finally for cluster No. 1 (all good cluster) in all of the reasons they ranked first in mean score compared to the other two clusters, which also suggests their high degree of sensitivity to any decrease in the level they were used to on the bank services.

The second step in checking the validity of the proposed cluster solution was done by performing a second nonhierarchical solution to the problem, but this time instead of allowing the cluster procedure to randomly select the initial seed points for the cluster solution, the cluster centres from the hierarchical solution transferred to the nonhierarchical one in order to be used as the initial seed points for the nonhierarchical solution (Hair et al, 1998). By doing that the results confirmed the validity of the cluster analysis. As for the Egyptian sample the interpretation of the clusters (profiling the clusters on the used variables) was to some extent similar to the previous one and the profiling of the cluster on the switching reasons was almost identical. In the UK the results were better as both the profile for the variables used in the cluster solution or the switching variables were almost identical to the results of the previous solution of the cluster analysis, based on the random selection of the seed points (see the appendix D for the results of the ANOVA tests).

In conclusion this cluster analysis had shown a high degree of similarity in selection criteria between the clusters in both countries. This means that similar groups of customers, who shared the same level of importance of selection criteria, could be identified in both countries. It is now suitable to start arguing that similar positioning strategies could be adopted in both countries regardless of their huge culture differences and having in mind the differences in the demographic characteristics between the two nations. This gives more support to the argument, but needs more investigation and support, as the switching reasons, which should work as hygiene factors in positioning strategy will be discussed in the next section.

8.5   Switching Bank Reasons

The bank switching reasons are of great importance in any positioning strategy, as they will work as a hygiene factor that might help in preventing the previously attracted customers from leaving the bank until a detailed study is completed about their satisfaction (post-purchase) criteria. This detailed study of the post-purchase criteria should be the basis for the second stage of the positioning strategy (as discussed in details in chapter two), i.e. help in formulating the positioning strategy that accommodates both pre- and post-purchase criteria. In order to get more insight into these switching reasons a factor analysis had to be performed trying to define the main themes of these reasons. This should be followed by comparing those factors in order to determine which factors are most likely to push or pull the customers to switch their banks. Finally a cluster analysis on these switching reasons should be performed in order to see whether similar groups of customers could be identified based on their switching reasons.

Starting with the factor analysis, a separate factor analysis had to be performed for each country individually and if it had been proved that they enjoy a similar factor structure (using the congruence coefficient) the combined samples results will be suggested to be used (as discussed in chapter seven). As had been discussed in chapter seven the principal component method will be used with the oblique rotation method and the number of factors to be extracted will be decided based on the eigenvalues criteria (greater than 1). Both the two factor analysis solutions enjoy a low level of anti-image correlation and a high level of MSA values for each variable. The MSA index, the Bartlett test of sphericity and the percentage of variance explained by each solution are presented in each relevant factor solution. Tables (8.9) and (8.10) present these factor solutions.

Table (8.9) Factor analysis for switching reasons (Egypt)

Criteria	Factor 1	Factor 2	Factor 3	Factor 4
1- Increase in fees, charges and commissions		.604		
2- Refusal of credit grant or credit extension		.835		
3- The bank services become slower	.632			
4- Decrease in the level of staff courtesy and friendliness	.684			
5- Closure of the local branch	.610			
6- Replacing the key contact officer	.660			
7- Decrease in the range of services offered	.696			
8- Negative comments by others	.721			
9- Bank failure to support the business in difficult times		.806		
10- Decrease in the level of accuracy				.816
11- Accumulation of lots of minor problems				.836
12- Good advertising by another bank			.846	
13- Positive recommendation by others about the quality of another bank			.814	
14- Being approached by another bank that offers better services			.738	
Percentage of variance explained = 60.797% **MSA Index = .793** **Bartlett's test of sphericity = .000**				

Table (8.10) Factor analysis for switching reasons (UK)

Criteria	Factor 1	Factor 2	Factor 3
1- Increase in fees, charges and commissions	.600		
2- Refusal of credit grant or credit extension			.844
3- The bank services become slower	.697		
4- Decrease in the level of staff courtesy and friendliness	.687		
5- Closure of the local branch	.606		
6- Replacing the key contact officer			.592
7- Decrease in the range of services offered	.722		
8- Negative comments by others		.639	
9- Bank failure to support the business in difficult times			.835
10- Decrease in the level of accuracy	.718		
11- Accumulation of lots of minor problems	.513		
12- Good advertising by another bank		.841	
13- Positive recommendation by others about the quality of another bank		.857	
14- Being approached by another bank that offers better services		.820	
Percentage of variance explained = 57.425% MSA Index = .786 Bartlett's test of sphericity = .000			

The above results show a significant level of factor loading for such size of sample (minimum of .45 for sample size 150-199) (Hair et al, 1998). It also shows a high degree of factor structure similarity between the countries, but this needs statistical evidence, which could be found by calculating the congruence coefficient (as shown before). The coefficient for the three common factors are (.844), (.876) and (.906) respectively, which suggests a high degree of factor structure similarity and supports the use of factor analysis results produced by the combined samples. This high level of factor structure congruence gives more supporting evidence for the equivalence of both the construct and the translation.

In performing a factor analysis solution based on the combined samples, the same procedures will be adopted. This solution enjoyed a low level of anti-image correlation and a high level of MSA values for each variable. Table (8.10) presents the factor solution, the percentage of variance explained, the MSA index and the significance level of the Bartlett's test of sphericity.

Table (8.11) Factor analysis for switching reasons (Combined sample)

Criteria	Factor 1	Factor 2	Factor 3	Factor 4
1- Increase in fees, charges and commissions		.545		
2- Refusal of credit grant or credit extension		.820		
3- The bank services become slower	.692			
4- Decrease in the level of staff courtesy and friendliness	.569			
5- Closure of the local branch				.686
6- Replacing the key contact officer				.635
7- Decrease in the range of services offered	.613			
8- Negative comments by others				.646
9- Bank failure to support the business in difficult times		.832		
10- Decrease in the level of accuracy	.844			
11- Accumulation of lots of minor problems	.744			
12- Good advertising by another bank			.847	
13- Positive recommendation by others about the quality of another bank			.821	
14- Being approached by another bank that offers better services			.801	
Percentage of variance explained = 61.71% **MSA Index = .814** **Bartlett's test of sphericity = .000**				

The above results show very high and significant levels of factor loading for such sample size (minimum of .35 for sample size 250-350) and a satisfactory level of the percentage of variance explained. Finally regarding labelling the factors, as the first factor included the items mainly related to the reliability problems of the service like becoming slower, less accurate and accumulation of problems, it had been decided to label the first factor of switching reasons as "Reliability problems". For the second factor, as it included all the items related to credit service, it had been decided to label it as "Credit problems". For the third factor as it included the items related to other competitors actions, it had been decided to label it as "Competitors actions". The last factor included the closure of local branches and replacing the key contact officer, so it had been decided to label it as "Physical problems". So it was concluded that there are four main themes regarding the switching reasons for the banks' small business customers.

But which of these four factors is more important than the others in the decision of switching banks? This question needs to be answered for each country separately and then a comparison should be made between the results of the two countries. In answering this question the same approach adopted to answer a similar question regarding the determinant selection criteria in section (8.2) will be adopted here (i.e. depending on the summated scales of the four factors in the comparison). Tables (8.12) (8.13) present the summated scale mean scores and the t-test results of the compared summated scales.

Table (8.12) Independent sample t-test for switching reasons

Determinant factor	Egypt mean score	UK mean score	Sig. of t (2-tailed)
1- Reliability problems	5.9007	5.3319	.000
2- Credit problems	5.9103	5.9811	.583
3- Competitors actions	4.5448	3.5603	.000
4- Physical problems	4.8644	4.6147	.095

Table (8.13) t-test results for the compared switching reasons summated scales

Pairs Compared	Significance of the t value	
	Egypt	UK
1- Pair 1 Reliability problems - Credit problems	.924	.000
2- Pair 2 Reliability problems - Competitors actions	.000	.000
3- Pair 3 Reliability problems - Physical problems	.000	.000
4- Pair 4 Credit problems - Competitors actions	.000	.000
5- Pair 5 Credit problems - Physical problems	.000	.000
6- Pair 6 Competitors actions - Physical problems	.008	.000

The above tables show that, in Egypt the highest effect on the future switching behaviour comes from the credit as well as the reliability problems with no significant differences between them. After that comes the physical problems in the third place and finally comes the competitors' actions as the one having the weakest effect on the decision of bank switching. In the UK the picture was almost the same but more clear as the rank of order of the effect of these factors in the decision of switching was the

same but there were significant differences between the factor ranked first (credit problems) and the one ranked second (reliability problems).

So these results suggest similar patterns of future switching reasons in both countries, which again give more support to the basic argument of the possibility of adopting similar position strategies for the small business customers in different countries. But to what extent does the importance degree (as the rank of order is almost identical) vary between the two countries? Table (8.12) presents the answer for such a question. The above results (the independent sample t-test comparing the summated scales between the two studied countries) suggest that there are no significant differences in level of importance between the Egyptian and UK samples regarding the factors ranked first and third (credit and physical). However the importance of the second and fourth ranked factors (reliability and competitors) is higher in Egypt than in the UK, which again could be attributed to the fact that more Egyptian customers in the sample were not satisfied with their bank and the other fact that the percentage of changing banks in Egypt is higher than the UK, which increase the effect of these factors in the decision of switching banks in Egypt.

The final stage in the process of understanding the switching reasons is about trying to define similar groups of customers by using the cluster procedures, as had been used before in section (8.3). As had been done for the previous cluster analysis, detecting for outliers was performed and only one outliner could be detected as it scored over 4 in two of the four variables so it had to be removed from the UK data (Hair et al, 1998). Representativeness of the sample was demonstrated previously. The two techniques for detecting multicollinearity were used, with no sign of any multicollinearity at all, and it was decided not to standardise the data, as there was no reason for doing that.

The cluster procedure used is the combination of hierarchical and nonhierarchical ones (as explained before). The appropriate number of clusters was determined based on the percentage changes of the agglomeration coefficient, as it showed that in both two countries the two as well as the three clusters solutions should be examined to see which one of them is more appropriate. Performing the nonhierarchical cluster procedures (based on using the clusters centre of the hierarchical solution as the seed points) on the two and three clusters solution, results in adopting the three clusters solution, as it offers better theoretical explanation for the clusters. Tables (8.14a) (8.14b) present the cluster centres of the original factors as well as the profile results

of the proposed cluster solution on the original variables used in the cluster (switching reasons)*.

Table (8.14a) Clusters centres (summated scales)

Criteria	Egypt clusters mean				UK clusters mean			
	1	2	3	Sig.	1	2	3	Sig.
1- Reliability problems	6.32	5.39	5.79	.000	5.26	5.98	4.96	.000
2- Credit problems	6.45	6.01	3.72	.000	5.74	6.58	5.92	.000
3- Competitors actions	5.50	3.31	4.47	.000	3.84	4.90	1.95	.000
4- Physical problems	5.72	3.83	4.62	.000	4.15	5.90	4.24	.000

Table (8.14b) Clusters centres (individual variables)

Criteria	Egypt clusters mean				UK clusters mean			
	1	2	3	Sig.	1	2	3	Sig.
1- Increase in fees, charges and commissions	6.28	5.72	3.80	.000	5.56	6.43	5.76	.000
2- Refusal of credit grant or credit extension	6.54	6.40	3.65	.000	5.61	6.51	5.60	.005
3- The bank services become slower	6.62	5.93	5.85	.000	5.26	6.00	5.02	.000
4- Decrease in the level of staff courtesy and friendliness	6.52	5.30	6.15	.000	4.90	5.81	4.88	.000
5- Closure of the local branch	5.79	4.19	5.10	.000	3.90	6.11	4.74	.000
6- Replacing the key contact officer	5.94	4.50	5.00	.000	5.57	6.59	5.52	.000
7- Decrease in the range of services offered	5.76	4.83	5.30	.001	4.77	5.70	4.24	.000
8- Negative comments by others	5.42	2.81	3.75	.000	2.98	5.00	2.45	.000
9- Bank failure to support the business in difficult times	6.54	5.91	3.7	.000	6.07	6.78	6.40	.001
10- Decrease in the level of accuracy	6.59	5.93	6.35	.000	5.70	6.30	5.38	.000
11- Accumulation of lots of minor problems	6.13	4.94	5.3	.000	5.67	6.11	5.29	.001
12- Good advertising by another bank	5.18	2.46	4.05	.000	2.64	4.43	1.29	.000
13- Positive recommendation by others about the quality of another bank	5.01	2.76	4.10	.000	4.07	4.95	2.24	.000
14- Being approached by another bank that offers better services	6.31	4.72	5.25	.000	4.80	5.32	2.33	.000
No. of cases/cluster	71	54	20	-	61	37	42	-
% of cases/cluster/country	49	37	14	-	43.5	26.5	30	-

The results of table (8.14b) suggest a very high degree of similarities between the cluster solutions in Egypt and the UK. In Egypt cluster No. 2, which constitutes 37% of the total Egyptian sample could be described as those who will switch their bank

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* Kruskal-Wallis test is used when the Levene test is violated

mainly because of credit related problems "Credit sensitive", as they ranked high in variables of increased fees, refusal of credit and bank failure in supporting the company in difficult situations. In the UK one can define similar cluster, which will mainly switch their bank because of credit problem, those are UK cluster No 3, which constitutes 30% of the total UK sample. Although they ranked high in fees and failure variables, they came third regarding the refusal of credit variable, but this third rank in credit variable is not of great importance as there was no significant difference between their mean and the mean score of the cluster ranked second. Based on that one can argue that those two clusters in Egypt and the UK are to a large extent similar regarding their switching reasons.

Another similarity could be found between cluster No. 1 in Egypt and cluster No. 2 in the UK, as both of them ranked first in all the bank switching reasons "All sensitive", which reflects their high degree of sensitivity to any problem with their bank and at the same time reflects a potential absence of loyalty, where they are willing to switch if they are approached by another bank with a better offer.

Finally cluster No 3 in Egypt as well as cluster No. 1 in the UK, which constitute 14% and 43% respectively, could be seen as very similar clusters. Since both clusters ranked high on the problems regarding reliability and interaction "Reliability and interaction sensitive". As in Egypt cluster No. 3 ranked high in decrease of staff courtesy, replace contact officer decrease in level of accuracy, range of services and although they ranked last in slower, there were no differences between them and the cluster ranked second. In the UK one can fined the same picture as they ranked high on staff courtesy, replace the officer, slower, accuracy and range of services.

In order to check the validity of the previous cluster solution, another clustering procedures had been produced, but this time the initial seed points were selected randomly. The results of the Egyptian cluster solution were considered identical to the previous one, where for the UK cluster solution, although it was not identical as the Egyptian one, the picture was still the same for this cluster solution, i.e. validity of the cluster solution could be confirmed (see appendix E for the results)

Based on the previous results one can argue that the banks' small business customers in both countries showed similar patterns of switching reasons. This suggests that similar positioning strategies (regarding the second stage, i.e. post-purchase) could be adopted in both countries, i.e. the positioning strategy that should accommodate both

the pre- and post-purchase criteria is suggested to be similar in both countries, but this issue needs more research as it was not in the centre of interest of this research.

The previous results suggest that similar positioning strategies could be adopted in both countries, but these results need more support and this will be done in the next chapter dealing with the hypotheses testing.

Finally, before moving to test the research hypotheses, it might be more appropriate to present the complete picture of selection criteria segments and switching reasons segments together in cross-tables, as it will increase the understanding about the relationship between the two constructs. Tables (8.15) and (8.16) present a cross tabulation in Egypt and the UK. In Egypt table (8.15) shows that there is a reasonable degree of similarities between the two, as 64.6% of the selection criteria segment "All good" loaded on the "All sensitive" switching reason cluster. Similarly, 46.4% of the selection criteria segment "Credit seekers" loaded on the "Credit sensitive" switching reasons cluster. Finally the selection criteria segment of "Convenience seekers" was diversified among the three switching reasons clusters (37%, 37%, and 26% for all sensitive, credit sensitive, and reliability and interaction sensitive respectively). A similar picture could be found in the UK results.

These results confirm the proposed similarities between selection criteria and switching reasons and at the same time support the argument of a number of differences between them (Gardial et al, 1994)

Table (8.15) Egyptian Selection segments * switching segments crosstabulation

Selection criteria	Switching reasons clusters			Total
	All sensitive	Credit sensitive	Reliability sensitive	
All good	42	19	4	65
	64.6%	29.2%	6.2%	100%
Credit seekers	10	13	5	28
	35.7%	46.4%	17.9%	100%
Convenience seekers	10	10	7	27
	37.0%	37.0%	25.9%	100%
Total	62	42	16	120
	51.7%	35.0%	13.3%	100%

Table (8.16) The UK Selection segments * switching segments crosstabulation

Selection criteria	Switching reasons clusters			Total
	Reliability sensitive	All sensitive	Credit sensitive	
Credit seekers	31	6	18	55
	56.4%	10.9%	32.7%	100%
All good	15	26	8	49
	30.6%	53.1%	16.3%	100%
Return and reliability seekers	12	3	13	28
	42.9%	10.7%	46.4%	100%
Total	58	35	39	132
	43.9%	26.5%	29.5%	100%

8.6   Conclusion

This chapter presented the main findings of this research in an attempt to provide an answer to the main question of this research, which is whether it is possible to apply similar positioning strategies to the banks' small business customers in Egypt and the UK?

This chapter's results suggest that similar positioning strategies could be adopted in both countries. Regardless of all the differences between the two studied countries (explained in chapter five), the determinant and the important selection criteria show high degree of similarities in both countries. In the meantime similar groups of small business customers could be identified in both countries based on their important selection criteria as well as their switching reasons.

This chapter began with presenting the issue of determinant bank selection criteria, followed by a discussion of the important bank selection criteria. The next section emphasised the issue of segmenting the banks' market of the small business customers based on their bank selection criteria. Finally the issue of bank switching, as a hygiene factor of switching the bank, until a detailed study is conducted about the post-purchase criteria, and at the same time as a possible indicator of the post-purchase criteria, was discussed. The next chapter will continue exploring the results of this research by investigating the results of the hypotheses testing.

Chapter Nine

Data Analysis: Hypotheses Testing Results

9.1   Introduction

This chapter, as the third part of the data analysis stage, presents the hypotheses testing results. This is done after the methodological consideration was investigated in chapter seven, followed by presenting the main findings of this research in chapter eight. The objective of this chapter is to give more support to the argument, which began to raise the possibility of applying a similar positioning strategy on the banks' small business customers in Egypt and the UK. The chapter will be divided into two main sections testing the two main groups of hypotheses that were developed in chapter four. A general discussion of the findings and results of this research will follow this and end the chapter.

9.2   Hypotheses Testing Results

In this section the findings of the hypotheses presented in chapter four will be discussed, starting with the first group of hypotheses that investigates general features of the relationship between the small business customers and their banks then the second group investigating the similarities and differences between the two studied countries.

9.2.1 The first group of hypotheses

This first group of hypotheses emphasises the type of relationship in general between the bank and its small business customers without emphasising the similarities and differences between the two studied countries, which will be the core of the second group of hypotheses.

H.1 argues that *"Small business customers attach more importance to the interaction dimension over the quality dimension of the bank selection criteria"*. The paired sample t-test had been used to check for such a difference in the attached importance depending on use of the summated scale for both the interaction and quality dimensions as previously explained (Hair et al, 1998). The results suggest that

for the Egyptian sample this hypotheses could not be accepted, since it works in the opposite way, i.e. the quality dimension is significantly more important than the interaction dimension (quality dimension mean = 5.613, interaction dimension mean = 5.387). Table (9.1) presents the paired sample test results.

Table (9.1) Egypt paired samples test

| | Paired Differences | | | | | t | df | Sig. (2-tailed) |
| | Mean | Std. Dev. | Std. Error | 95% Confidence Interval of the Diff. | | | | |
				Low.	Upp.			
Quality dimension-Interaction dimension	.2262	.6938	6.256E-02	.1023	.3500	3.615	122	.000

For the UK sample the hypotheses could also not be accepted, but this time because there were no significant differences between the two dimensions (quality dimension mean = 5.306, interaction dimension mean = 5.380). Table (9.2) presents the paired sample test results.

Table (9.2) UK paired samples test

| | Paired Differences | | | | | t | df | Sig. (2-tailed) |
| | Mean | Std. Dev. | Std. Error | 95% Confidence Interval of the Diff. | | | | |
				Low.	Upp.			
Quality dimension-Interaction dimension	-7.45E-02	.5838	4.799E-02	-.1693	2.032E-02	-1.553	147	.123

In conclusion this hypothesis could be rejected in both countries, as the results of the Egyptian sample suggest the superiority of the quality dimension over the interaction dimension, while the results of the UK sample propose no significant difference in the importance of those two dimensions. If the literature on selection criteria had been reviewed, one could find that the Egyptian results could find support in the literature (Turnbull and Gibbs 1989; File and Prince 1991), as the quality dimension is proposed to be more important than the interaction dimension in the selection criteria, while the equal importance of the two dimensions in the UK do not find such support.

H.2 proposes that *"Small business customers assign more importance to the qualities of the service provider over the qualities of the service itself in the decision of bank selection"*. The paired sample t-test had been used to test this hypothesis using

the summated scale for both the sub-dimensions of the quality of the service itself and the qualities of the service provider. The results suggest that this hypothesis could be rejected in both countries. As in Egypt the mean score for the qualities of the service itself were 6.375 while the mean score of the qualities of the service provider were 5.225, with highly significant differences between both of them (see table 9.3)

Table (9.3) Egypt 2 paired sample test

	Paired Differences					t	df	Sig. (2-tailed)
	Mean	Std. Dev.	Std. Error	95% Confidence Interval of the Diff.				
				Low.	Upp.			
Specific service's quality- quality of the service provider	1.1508	.9082	7.935E-02	.9938	1.3077	14.503	130	.000

The same picture exists in the UK, as the mean score for the qualities of the service itself were 6.202 while the mean score of the qualities of the service provider were 4.848, with highly significant differences between both of them. Table (9.4) presents this result.

Table (9.4) UK 2 paired sample test

	Paired Differences					t	df	Sig. (2-tailed)
	Mean	Std. Dev.	Std. Error	95% Confidence Interval of the Diff.				
				Low.	Upp.			
Specific service's quality- quality of the service provider	1.3543	.8193	6.667E-02	1.2226	1.4860	20.313	150	.000

In conclusion this hypothesis could be rejected in both countries. These results, which suggest that the qualities of the service itself is more important than the qualities of the service provider to the small business customers in the bank selection decision, could find support in the findings of both File and Prince (1991) and Smith (1989) regarding the superiority of the technical criteria over the functional criteria in the decision of bank selection for small business customers, while it contradicts the results of Ennew and Binks (1996) which suggest that similar level of importance is attached to both factors.

H.3 proposes that *"Small business customers assign greater importance to relationship factor over recommendation and experience factors in the decision of bank selection"*. The results of the paired sample t-test for the summated scales of relationship and recommendation and experience sub-dimensions propose that this hypothesis could not be rejected. In Egypt the mean score for the relationship sub-dimension was 5.829 and the mean score for the experience and recommendation sub-dimension was 4.097. Table (9.5) presents the paired sample test results.

Table (9.5) Egypt 3 paired sample test

	Paired Differences					t	df	Sig. (2-tailed)
	Mean	Std. Dev.	Std. Error	95% Confidence Interval of the Diff.				
				Low.	Upp.			
Relationship-recommendation and experience	1.7314	1.6589	.1407	1.4532	2.0096	12.305	138	.000

In the UK the mean score for the relationship sub-dimension was 5.622 and the mean score for the experience and recommendation sub-dimension was 4.678, with highly significant differences between both sub-dimensions. Table (9.6) presents this result. These results go along with the consensus that could be found in the literature regarding the importance and superiority of the relationship factor over the recommendation and experience factor to the small business customers in the decision of bank selection.

Table (9.6) UK 3 paired sample test

	Paired Differences					t	df	Sig. (2-tailed)
	Mean	Std. Dev.	Std. Error	95% Confidence Interval of the Diff.				
				Low.	Upp.			
Relationship-recommendation and experience	.9441	1.1841	9.604E-02	.7453	1.1338	9.830	151	.000

In conclusion this hypothesis could be accepted in both countries, suggesting that the relationship criteria are more important than the experience and recommendation criteria in the decision of bank selection for small business customers. These results go

along with the results of File and Prince (1992), Smith (1989) and Turnbull and Gibbs (1989).

H.4 suggests that "*Small business customers assign more importance to the brand items over non-brand items in the decision of bank selection*" (the brand items are the items that are mainly judged after purchase, see chapter four). This hypothesis could not be rejected as for Egypt the mean score for the brand items was 6.066 and the mean score for the non-brand items was 5.021, with highly significant difference in the level of importance in the decision of bank selection between the two groups of items. Table (9.7) presents the results of the paired sample test.

Table (9.7) Egypt 4 paired samples test

	Paired Differences							
	Mean	Std. Dev.	Std. Error	95% Confidence Interval of the Diff.		t	df	Sig. (2-tailed)
				Low.	Upp.			
Brand items- Non-brand items	1.0539	.8168	7.335E-02	.9087	1.1991	14.367	123	.000

In the UK the mean score for the brand items was 5.819 while the mean score for the non-brand items was 4.837, again with significant differences in the importance level between both of them in the decision of bank selection. Table (9.8) presents the paired samples results.

Table (9.8) UK 4 paired samples test

	Paired Differences							
	Mean	Std. Dev.	Std. Error	95% Confidence Interval of the Diff.		t	df	Sig. (2-tailed)
				Low.	Upp.			
Brand items- Non-brand items	1.1131	.6536	5.354E-02	1.0073	1.2189	20.790	148	.000

In conclusion there was no reason to suggest rejection of this hypothesis, so one could argue that this research supports the argument of the superiority of the brand items over the non-brand items on the decision of bank selection for small business customers in both studied countries. This superiority had not been confirmed in previous studies (Mols et al 1997; Edris and Almahmeed 1997; File and Prince 1991) because of the way the researchers used to measure and interpret the results (as discussed before). It is this research argument that the literature results could produce

similar results if the researchers had adopted a similar view regarding the pre- and post-purchase criteria.

H.5 proposes that *"Small business customers who use any type of credit attach more importance to the financial related items in the decision of bank selection"*. In order to test this hypothesis the Spearman correlation had been used, as one of the variables was of metric nature (the financial items summated scale) and the other was of dummy nature (Dancey and Reidy 1999; Cramer 1998). The results did not support the proposed hypothesis in both countries, as in Egypt the spearman correlation coefficient was .002 (p 2-tailed = .980) and in the UK the correlation coefficient was (-. 018) (p 2-tailed = .823). Based on that the existence of a relationship between engaging in a form of credit with the bank and the importance of financial items of bank selection criteria for small business customers could be rejected. Even when dividing the sample into two groups (credit users and non-credit users) and running a t-test to compare the means, the results show no significant differences between the two groups in Egypt and in the UK (p= .855 and .609 respectively)

H.6 proposes that *"The greater the number of times meeting the bank account manger, the greater the importance of getting on well with him/her as one of the bank selection criteria"*. By using the Spearman correlation coefficient to test such a hypothesis, the Egyptian results did not support the proposed hypothesis, as the Spearman correlation coefficient was (-. 007) (p 1-tailed = .464). While in the UK the correlation coefficient was .240 but with significance level of (p 1-tailed = .001). These results could not support the proposed hypothesis, so in conclusion this hypothesis could be rejected in both countries, as although it has a significant level of correlation in the UK, the correlation coefficient is of weak form that cannot offer a base to accept such a hypothesis (Diamantopoulos and Schlegelmilch, 1997).

H.7 proposes that *"The form of business organisation of the company has no effect on its bank selection criteria"*. Analysis of variance (ANOVA) had been used in order to test this hypothesis, as it is the t-test form but for more than two groups. Two main assumptions need to be met in order to depend on the results with a high degree of confidence; those are normality of the phenomenon and homogeneity of variance. Normality is always assumed in large samples (Dancey and Reidy 1999; Cramer 1998; Hair et al 1998). The Levene test is always used to check for homogeneity of variances. The seven summated scales for the 26 selection criteria had been used in order to reduce the noise on the data. In Egypt the Levene test results had shown that

homogeneity of variance is assumed in six out of the seven variables used, which suggest that for this variable (summated scale 1, the non-financial items) the ANOVA results could not be accepted and the Kruskal Wallis test should be used[*] (Dancey and Reidy, 1999).

Table (9.9) presents the results of the ANOVA test in Egypt, which shows that the null hypothesis of equality of means (form of the company / the selection criteria) could not be rejected in all the variables, which means that the form of the company has no effect on the selection criteria.

Table (9.9) Egypt form of the company/selection criteria

		Sum of Squares	df	Mean Squares	F	Sig.
Non-Financial items	Between Groups	6.622	4	1.656	1.977	.101
	Within groups	116.412	139	.837		
	Total	123.034	143			
Financial items	Between Groups	1.595	4	.399	.796	.530
	Within groups	72.649	145	.501		
	Total	74.244	149			
Hard items	Between Groups	3.334	4	.834	.368	.831
	Within groups	316.793	140	2.263		
	Total	320.127	144			
Soft items	Between Groups	.722	4	.180	.191	.943
	Within groups	131.144	139	.943		
	Total	131.866	143			
Extra items	Between Groups	8.414	4	2.104	.821	.514
	Within groups	371.679	145	2.563		
	Total	380.093	149			
Relationship items	Between Groups	2.316	4	.579	.612	.654
	Within groups	128.566	136	.945		
	Total	130.882	140			
Recommendation items	Between Groups	6.133	4	1.533	.499	.736
	Within groups	439.347	143	3.072		
	Total	445.480	147			

In the UK one can fined the same picture, as six out of the seven Levene tests confirm the homogeneity of the variance (except summated scale 3, the hard items[†]), and the ANOVA results show that there is no evidence to argue that there are differences in the selection criteria between different forms of small business companies. Table (9.10) presents the ANOVA results.

In conclusion the hypothesis proposing no effect of the form of the business organisation on the small business company bank selection criteria could not be

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[*] The results of the Kruskal Wallis test suggest no effect of form of business on the non-financial items (p = .195)
[†] The results of the Kruskal Wallis test suggest no effect of form of business on the hard items (p = .225)

rejected in both countries, as the ANOVA results suggested that the equality of means could not be rejected.

Table (9.10) UK form of the company/selection criteria

		Sum of Squares	df	Mean Squares	F	Sig.
Non-Financial items	Between Groups	2.065	4	.516	.575	.682
	Within groups	134.778	150	.899		
	Total	136.843	154			
Financial items	Between Groups	.749	4	.187	.423	.792
	Within groups	66.855	151	.443		
	Total	67.604	155			
Hard items	Between Groups	10.525	4	2.631	1.561	.188
	Within groups	252.898	150	1.686		
	Total	263.423	154			
Soft items	Between Groups	3.577	4	.894	1.554	.190
	Within groups	86.901	151	.576		
	Total	90.479	155			
Extra items	Between Groups	5.577	4	1.394	.586	.673
	Within groups	359.320	151	2.380		
	Total	364.897	155			
Relationship items	Between Groups	1.852	4	.463	.533	.712
	Within groups	129.385	149	.868		
	Total	131.237	153			
Recommendation items	Between Groups	6.195	4	1.549	1.210	.309
	Within groups	191.940	150	1.280		
	Total	198.135	154			

H.8 proposes that "*The type of the business activity of the small business company has no impact on its bank selection criteria*". Like the previous hypothesis, the ANOVA test will be used to test this hypothesis. In Egypt the Levene test shows that five out of the seven summated scales were enjoying homogeneity of variance, while the other two summated scales (1 and 2, the non-financial and financial items) do not, which suggests the inappropriateness of the ANOVA for them[*]. The following table (9.11) shows the results of the ANOVA test in Egypt for the effect of the business activity on the selection criteria. These results suggest that the hypotheses could not be rejected, as there was no evidence to propose that there are any differences in the selection criteria depending on the company's business activity.

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[*] The results of the Kruskal Wallis test suggest no effect of the business activity on the non-financial and financial items (p = .186 and .251 respectively)

Table (9.11) Egypt type of the business activity/selection criteria

		Sum of Squares	df	Mean Squares	F	Sig.
Non-Financial items	Between Groups	7.775	5	1.555	1.850	.107
	Within groups	115.184	137	.841		
	Total	122.959	142			
Financial items	Between Groups	3.755	5	.751	1.528	.185
	Within groups	70.268	143	.491		
	Total	74.022	148			
Hard items	Between Groups	6.808	5	1.362	.604	.697
	Within groups	311.001	138	2.254		
	Total	317.809	143			
Soft items	Between Groups	4.487	5	.897	.965	.441
	Within groups	127.346	137	.930		
	Total	131.833	142			
Extra items	Between Groups	4.763	5	.953	.363	.873
	Within groups	375.315	143	2.625		
	Total	380.007	148			
Relationship items	Between Groups	2.321	5	.464	.485	.787
	Within groups	128.302	134	.957		
	Total	130.623	139			
Recommendation items	Between Groups	23.287	5	4.657	1.566	.173
	Within groups	422.193	142	2.973		
	Total	445.480	147			

In the UK the Levene test shows that the homogeneity of variance exists in five out of the seven summated scales, which again means that the Kruskal-Wallis[*] test should replace the ANOVA test for those two variables (extra items and relationship items). The ANOVA results as shown in table (9.12) suggest that this hypothesis (no effect of type of business on selection criteria) could not be rejected as the equality of means could not be rejected, except for the summated scale number 6 (the relationship items). In order to define which business activities are different in relationship items the post-hoc test had to be performed. Both the Scheffe and Tukey HSD methods had been used, as it had been argued that they are the best post-hoc methods (Hair et al 1998). The results of the post-hoc methods show that the professions group of business activity differs significantly from both the manufacturing group and the service group, as the professions group scored the lowest score on the relationship items.

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[*] The results of the Kruskal-Wallis test suggest no effect of the business activity on both the extra items and the relationship items (p = .846 and .268 for the two items respectively)

Table (9.12) UK type of the business activity/selection criteria

		Sum of Squares	df	Mean Squares	F	Sig.
Non-Financial items	Between Groups	6.847	5	1.369	1.609	.161
	Within groups	125.085	147	.851		
	Total	131.932	152			
Financial items	Between Groups	.850	5	.170	.379	.863
	Within groups	66.377	148	.448		
	Total	67.227	153			
Hard items	Between Groups	9.368	5	1.874	1.085	.371
	Within groups	253.738	147	1.726		
	Total	263.106	152			
Soft items	Between Groups	5.893	5	1.179	2.064	.073
	Within groups	84.506	148	.571		
	Total	90.399	153			
Extra items	Between Groups	5.542	5	1.108	.457	.807
	Within groups	358.594	148	2.423		
	Total	364.136	153			
Relationship items	Between Groups	10.066	5	2.013	2.438	.037
	Within groups	120.572	146	.826		
	Total	130.637	151			
Recommendation items	Between Groups	2.935	5	.587	.444	.817
	Within groups	194.235	147	1.321		
	Total	197.170	152			

In conclusion the hypothesis proposing no effect of the type of the business activity on the small business company's bank selection criteria could not be rejected in both countries.

H.9 suggests that "*The size of the small business company (measured by number of employees) has no effect on its bank selection criteria*". The ANOVA test will be used to investigate such a hypothesis. In Egypt the Levene test suggests that five out of the seven summated scales enjoy the homogeneity of variance, so for the other two summated scales (the financial items and the extra items[*]) the Kruskal Wallis test should be used. Table (9.13) presents the results of the ANOVA test in Egypt and it could be concluded that the above hypothesis could not be rejected. As the results show that there was no evidence for rejecting the null hypotheses (assuming the equality of means between the different groups of employee numbers and the selection criteria), so the hypothesis proposing no effect of the company size on its bank selection criteria could not be rejected.

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[*] The results of the Kruskal Wallis test suggest no effect of the size of business on the financial items and on the extra items (p = .080 and .682 respectively)

Table (9.13) Egypt size of the company/selection criteria

		Sum of Squares	df	Mean Squares	F	Sig.
Non-Financial items	Between Groups	4.773	3	1.591	1.878	.136
	Within groups	117.729	139	.847		
	Total	122.502	142			
Financial items	Between Groups	2.776	3	.925	1.883	.135
	Within groups	71.246	145	.491		
	Total	74.022	148			
Hard items	Between Groups	7.971	3	2.657	1.193	.315
	Within groups	311.687	140	2.226		
	Total	319.658	143			
Soft items	Between Groups	1.370	3	.457	.490	.690
	Within groups	129.528	139	.932		
	Total	130.897	142			
Extra items	Between Groups	2.866	3	.955	.369	.775
	Within groups	375.328	145	2.588		
	Total	378.195	148			
Relationship items	Between Groups	3.634	3	1.211	1.305	.275
	Within groups	126.227	136	.928		
	Total	129.860	139			
Recommendation items	Between Groups	14.266	3	4.755	1.609	.190
	Within groups	422.754	143	2.956		
	Total	437.020	146			

For the UK all the Levene test results show that the homogeneity of variance exists in this data. The following table (9.14) presents the results of the ANOVA test, which show that in general there was no effect of the size of the small business company on its selection criteria, only except for the hard items summated scale that shows there might be an effect of the company size on it. In order to investigate this matter the post-hoc tests (Scheffe and Tukey HSD) had been used. The results of the post-hoc tests suggest that small business companies employing between 30-40 employees differ from all the other groups of company size as they attach less importance levels to the "hard items" in the decision of bank selection, but in general there was no effect of the company size on the selection criteria.

In conclusion the hypothesis proposing that there is no effect of the small business company size on the bank selection criteria could not be rejected depending on the previous explanation.

Table (9.14) UK size of the company/selection criteria

		Sum of Squares	df	Mean Squares	F	Sig.
Non-Financial items	Between Groups	.502	3	.167	.186	.906
	Within groups	133.206	148	.900		
	Total	133.708	151			
Financial items	Between Groups	.628	3	.209	.491	.689
	Within groups	63.594	149	.427		
	Total	64.22	152			
Hard items	Between Groups	20.984	3	6.995	4.354	.006
	Within groups	237.744	148	1.606		
	Total	258.728	151			
Soft items	Between Groups	4.393	3	1.464	2.626	.053
	Within groups	83.066	149	.557		
	Total	87.459	152			
Extra items	Between Groups	4.106	3	1.369	.573	.634
	Within groups	356.035	149	2.389		
	Total	360.141	152			
Relationship items	Between Groups	3.263	3	1.088	1.297	.278
	Within groups	123.224	147	.838		
	Total	126.487	150			
Recommendation items	Between Groups	8.258	3	2.753	2.184	.092
	Within groups	186.505	148	1.260		
	Total	194.763	151			

H.10 suggests that "*The age of the small business company has no effect on its bank selection criteria*". The ANOVA test will be used to investigate this hypothesis. In Egypt the Levene test shows that homogeneity of variance could be assumed in six out of the seven summated scale, which suggest that the Kruskal-Wallace test should be used for the summated scale of the experience and recommendation items[*]. As table (8.29) shows the ANOVA results, which suggest that the hypothesis proposing that there is no effect of the age of the small business company on its bank selection criteria could not rejected, except for the summated scale number 3 "the hard items", as the results suggest that some groups might differ significantly from other groups regarding this variable. The post-hoc tests had been used to investigate this situation and the results show that only the companies aged between 6-8 years old differ significantly from those ageing over 8 years old. As the companies aged 6-8 years old are attaching the lowest level of importance to the hard items compared to the companies aged over 8 years old which attach the highest level of importance to the hard items in bank selection decision.

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[*] The results of the Kruskal Wallis test suggest no effect of the age of the company on the experience and recommendation items (p = .502)

Table (9.15) Egypt age of the company/selection criteria

		Sum of Squares	df	Mean Squares	F	Sig.
Non-Financial items	Between Groups	5.541	4	1.385	1.629	.170
	Within groups	117.337	138	.850		
	Total	122.878	142			
Financial items	Between Groups	1.245	4	.311	.614	.653
	Within groups	72.959	144	.507		
	Total	74.204	148			
Hard items	Between Groups	22.455	4	5.614	2.723	.032
	Within groups	286.591	139	2.062		
	Total	309.046	143			
Soft items	Between Groups	3.887	4	.972	1.049	.384
	Within groups	127.802	138	.926		
	Total	131.688	142			
Extra items	Between Groups	21.491	4	5.373	2.174	.075
	Within groups	355.938	144	2.472		
	Total	377.430	148			
Relationship items	Between Groups	6.400	4	1.600	1.745	**.144**
	Within groups	123.770	135	.917		
	Total	130.170	139			
Recommendation items	Between Groups	10.878	4	2.720	.909	.461
	Within groups	424.918	142	2.992		
	Total	435.796	146			

In the UK the Levene test results show that there is no problem regarding the homogeneity of variance in this data. The results of the ANOVA test, as presented in table (9.16), suggest that there was no indication at all about a possible effect of the age of the small business company on its bank selection criteria in the UK.

In general one could conclude that the previous hypothesis, regarding denying any effect of the small business company age on its bank selection criteria, could not rejected with high degree of confidence in the two countries.

Table (9.16) UK age of the company/selection criteria

		Sum of Squares	df	Mean Squares	F	Sig.
Non-Financial items	Between Groups	1.696	4	.424	.471	.757
	Within groups	134.039	149	.900		
	Total	135.734	153			
Financial items	Between Groups	1.453	4	.359	.816	.517
	Within groups	65.981	150	.440		
	Total	67.416	154			
Hard items	Between Groups	5.773	4	1.443	.835	.505
	Within groups	257.569	149	1.729		
	Total	263.343	153			
Soft items	Between Groups	1.250	4	.313	.526	.717
	Within groups	89.188	150	.595		
	Total	90.438	154			
Extra items	Between Groups	17.440	4	4.360	1.882	.116
	Within groups	347.437	150	2.316		
	Total	364.877	154			
Relationship items	Between Groups	2.752	4	.688	.794	.531
	Within groups	128.278	148	.867		
	Total	131.029	152			
Recommendation items	Between Groups	2.655	4	.664	.507	.731
	Within groups	195.001	149	1.309		
	Total	197.656	153			

H.11 suggests that "*Small business companies that do business on the international markets attach more importance to the selection criteria of large size of the bank and being global*". In order to test this hypothesis the Spearman correlation had been used, as a new dummy variable had been created differentiating the companies working on the international level ([0] for companies not working on the international level and [1] for companies dealing on the international level). In Egypt the results did not confirm the existence of such a relationship, as the coefficients were .036 (p 2-tailed = .665) for size of the bank and .146 (p 2-tailed = .074) for being a global bank. Based on that this hypothesis could not be accepted in Egypt. Even when running a t-test on those two groups the results were confirmed, as there was no significant difference between the two groups in Egypt (p= .851 and .114 for size and global respectively)

In the UK the results could not reject such a hypothesis, as the coefficients were .230 (p 2-tailed = .004) for size of the bank and .415 (p 2-tailed = .000) for being a global bank. The size of the bank coefficient considered of weak form, while being a global bank coefficient considered of moderate form, with both of them enjoying a high degree of significance. These results suggest that the UK small business companies dealing on the international markets attach more importance to the criteria of being a global bank and the size of it. The t-test result support this conclusion as significant

differences between the two groups were identified in the UK sample (p= .004 and .000 for the two items respectively)

In conclusion this hypothesis is rejected in Egypt, while it could not rejected in UK. This could be attributed to what was explained before about the relationship between the small business companies and their banks in the Egyptian market. As a lot of the small business customers in Egypt do not get the core bank services in an appropriate way, they will be interested in more fundamental characteristics rather than being global or large size, so these criteria might work in a lower level of importance to those customers.

H.12 proposes that "**Expectation of the business performance of the small business company has no impact on its bank selection criteria**". Using ANOVA in testing this hypothesis will results in the following results. In Egypt the Levene test shows that six out of the seven summated scales were enjoying homogeneity of variance, while the last summated scales (experience and recommendation items) did not[*]. The following table (9.17) shows the results of the ANOVA test in Egypt for the effect of the expectations of business performance on the selection criteria.

Table (9.17) Egypt expectations of business performance/selection criteria

		Sum of Squares	df	Mean Squares	F	Sig.
Non-Financial items	Between Groups	2.353	4	.588	.672	.612
	Within groups	119.062	136	.875		
	Total	121.415	140			
Financial items	Between Groups	.421	4	.105	.203	.936
	Within groups	73.129	141	.519		
	Total	73.549	145			
Hard items	Between Groups	20.046	4	5.012	2.337	.058
	Within groups	293.772	137	2.144		
	Total	313.819	141			
Soft items	Between Groups	2.016	4	.504	.536	.709
	Within groups	126.897	135	.940		
	Total	128.913	139			
Extra items	Between Groups	9.868	4	2.467	.959	.432
	Within groups	362.737	141	2.573		
	Total	372.604	145			
Relationship items	Between Groups	3.540	4	.886	.950	.437
	Within groups	122.930	132	.931		
	Total	126.470	136			
Recommendation items	Between Groups	19.323	4	4.831	1.588	.181
	Within groups	425.977	140	3.043		
	Total	445.300	144			

The previous results suggest that the hypothesis could not rejected, as there was no evidence to propose that there are any differences in the selection criteria depending on the small business company's expectations of its business performance.

In the UK the Levene test shows that the homogeneity of variance exists in five out of the seven summated scale, which again means that the results of the other two summated scales (non-financial and financial items[†]) should be based on the Kruskal-Wallis test. The ANOVA results as shown in table (9.18) suggest that this hypothesis (no effect of the expectations of the business performance on selection criteria) could not rejected.

Table (9.18) UK expectations of business performance/selection criteria

		Sum of Squares	df	Mean Squares	F	Sig.
Non-Financial items	Between Groups	1.211	4	.303	.335	.854
	Within groups	131.027	145	.904		
	Total	132.238	149			
Financial items	Between Groups	3.693	4	.923	2.141	.079
	Within groups	62.959	146	.431		
	Total	66.652	150			
Hard items	Between Groups	13.295	4	3.324	2.003	.097
	Within groups	240.572	145	1.659		
	Total	253.868	149			
Soft items	Between Groups	3.618	4	.904	1.606	.176
	Within groups	82.241	146	.563		
	Total	85.859	150			
Extra items	Between Groups	6.809	4	1.702	.720	.580
	Within groups	345.188	146	2.364		
	Total	351.997	150			
Relationship items	Between Groups	1.450	4	.363	.422	.793
	Within groups	123.753	144	.859		
	Total	125.203	148			
Recommendation items	Between Groups	9.326	4	2.331	1.875	.118
	Within groups	180.267	145	1.243		
	Total	189.593	149			

In conclusion this hypothesis could not rejected in both countries, arguing that there is no impact of the small business company expectations of its business performance on its bank selection criteria.

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[*] The results of the Kruskal Wallis test suggest no effect of the expectations of business performance on the experience and recommendation items (p = .111)

[†] The results of the Kruskal Wallis test suggest no effect of expectation of the business performance on the non-financial and financial items (p = .902 and .491 respectively)

H.13 proposes that *"Gender, educational level or age of the small businessmen/businesswomen have no impact on the company's bank selection criteria"*. The t-test had been used to investigate the impact of gender (male and female) and educational level (college graduate and non-college graduate) and the ANOVA had been used for the age variable. In Egypt, regarding the gender, there was no evidence of differences in means between males and females regarding their business bank selection criteria (p> .05), so this part of the hypothesis could not rejected. For the educational level there were no differences in mean between university graduates and non-university graduates in five of the seven summated scales (p> .05), but for the summated scales of the non-financial items and the experience and recommendation items there were significant differences, which might suggest that in Egypt the non-college graduate depends more than the college graduates on recommendations of others in selecting their business bank. Finally for Egypt regarding the age the Levene test suggests that the homogeneity of variance does exist for six of the seven summated scales (except the financial items summated scale[*]). The results of the ANOVA test (table 9.19) suggest that this hypothesis could not rejected as there were no differences in means of the selection criteria depending on the age of the respondents (six out of the seven summated scales). Based on that this hypothesis could not rejected in Egypt, as in general neither the gender nor the education level or even the age of the small businessmen/women has an impact on the decision of bank selection.

Based on that this hypothesis could not rejected in Egypt as in general neither the gender nor the education level or even the age of the businessmen/women has an impact on the decision of bank selection.

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[*] The results of the Kruskal Wallis test suggest no effect of the age of the businessmen/women on the financial items (p = .152)

Table (9.19) Egypt age/selection criteria

		Sum of Squares	df	Mean Squares	F	Sig
Non-Financial items	Between Groups	8.269	4	2.067	2.504	.045
	Within groups	114.765	139	.826		
	Total	123.034	143			
Financial items	Between Groups	4.145	4	1.036	2.143	.078
	Within groups	70.099	145	.483		
	Total	74.244	149			
Hard items	Between Groups	.272	4	6.809E-02	.030	.998
	Within groups	319.855	140	2.285		
	Total	320.127	144			
Soft items	Between Groups	5.394	4	1.349	1.482	.211
	Within groups	126.471	139	.910		
	Total	131.866	143			
Extra items	Between Groups	2.258	4	.565	.217	.929
	Within groups	377.835	145	2.606		
	Total	380.093	149			
Relationship items	Between Groups	2.584	4	.646	.685	.604
	Within groups	128.298	136	.943		
	Total	130.882	140			
Recommendation items	Between Groups	3.956	4	.989	.320	.864
	Within groups	441.524	143	3.088		
	Total	445.480	147			

In the UK regarding the gender there was evidence of differences in means between males and females regarding their business bank selection criteria (p< .05), except for the extra items summated scale, on which there was no difference in means. Based on that it could be argued that in the UK gender does have an impact on bank selection criteria, as females require higher levels of all the selection criteria compared to the males. This conclusion could find support in McKechnie et al (1998), where they conclude that in general small business females place relatively more importance on number of bank characteristics compared to males. For the educational level there were no differences in mean between college graduates and non-college graduates in all the seven summated scales (p> .05). Regarding age, the Levene test suggests that the homogeneity of variance does exist for all the seven summated scales. Table (9.20) presents the results of the ANOVA test, which suggest that this part of the hypothesis could not rejected, as there were no differences in means of the selection criteria depending on the age of the respondents for all the seven summated scales. Based on that this hypothesis could be partially accepted in the UK as the gender does have an impact on the business bank selection, but neither the education level nor the age of the businessmen/women has an impact on this decision.

Table (9.20) UK age/selection criteria

		Sum of Squares	df	Mean Squares	F	Sig.
Non-Financial items	Between Groups	1.301	4	.325	.360	.837
	Within groups	135.542	150	.904		
	Total	136.843	154			
Financial items	Between Groups	.444	4	.111	.249	.910
	Within groups	67.160	151	.445		
	Total	67.604	155			
Hard items	Between Groups	11.981	4	2.995	1.787	.134
	Within groups	251.442	150	1.676		
	Total	263.423	154			
Soft items	Between Groups	2.655	4	.664	1.141	.339
	Within groups	87.824	151	.582		
	Total	90.479	155			
Extra items	Between Groups	13.503	4	3.376	1.451	.220
	Within groups	351.395	151	2.327		
	Total	364.897	155			
Relationship items	Between Groups	3.759	4	.940	1.098	.360
	Within groups	127.478	149	.856		
	Total	131.237	153			
Recommendation items	Between Groups	3.649	4	.912	.704	.591
	Within groups	194.486	150	1.297		
	Total	198.135	154			

9.2.2 The second group of hypotheses

This group of hypotheses emphasises the similarities and differences between the two studied countries, i.e. trying to explore whether any similar patterns of small business customers' attitude and behaviour could be identified in Egypt and UK.

H.14 proposes that "*The level of importance attached to the quality dimension of the bank selection criteria is expected to be similar across the small business companies in Egypt and the UK*". In order to test this type of hypothesis the two-independent samples t-test will be used (Dancey and Reidy 1999; Cramer 1998; Diamantopoulos and Schlegelmich 1997). The results suggest that this hypothesis could rejected, as there are significant differences between the small business customers in the two countries regarding the level of importance they attach to the quality dimension in the decision of bank selection (p = .001). The Egyptian small business customers attach more importance level compared to the UK customers (mean scores were 5.608 and 5.299 respectively), but in order to reject this hypothesis (similarity) with a high degree of confidence, the researcher had to test whether the quality dimension differs according to the differentiating variables that differ between the two countries. In other words are the differences on the other variables the cause for these differences of the results, or is this dissimilarity because of genuine

differences between the two studied countries due to the cultural differences. In order to do this the researcher firstly had to test whether the quality dimension differs according to differences in the variables of the number of banks used, period with the bank, gender, educational level and age of the respondent, form of the business, the business activity, size of the business, age of the business, the markets served and the respondent position in the company. If it is proved that in both countries one of those differentiating variables does have an effect on one of the selection criteria, so it could be argued that the differences on the sample structure between the two countries are the reason for such a difference and this difference could not be attributed to genuine cultural differences between the two countries. If such an effect in both countries could not be proved then the differences are attributed to genuine cultural differences, i.e. in situations of no individual differences in both countries or only one country has such an effect while the other does not. Secondly this technique should be accompanied by running a multiple ANOVA test (where the level of importance attached to the quality dimension is the dependent variable, and county as well as these eleven variables work as independent variables) to investigate whether the cultural effect or/and the interaction between each variable and the cultural is the cause for such differences on the importance level attached to the selection criteria. Vijver and Leung (1997) explained this idea and emphasised that if both the cultural and the interaction effect are non-significant, then the variable is considered to have no impact on the differences of the selection criteria. If a significant main effect of culture is detected, then it could be suggested that one of the cultures is consistently above the other, but as long as no response style bias was detected then the differences in the results could be attributed to genuine differences. Finally if a significant interaction is detected, then the variable is taken to discriminate better in one culture than in the other and in this case the differences on the selection criteria could be attributed to differences in this variable. Hair et al (1998) emphasise this idea and explain that the interaction effect is the most important one as it reflects whether the effects of the treatments are independent or not. They further argue that the type of interaction must be determined by plotting it, and if the type of interaction was of disordinal, i.e. the effects of one treatment are positive for some levels and negative for other levels of the other treatment, then it could be argued that there is no combined effect of these two variables (P344) *"If the significant interaction is disordinal, then the main effects of the treatment cannot be interpreted and the study must be redesigned"*.

In order to perform these tasks the researcher had to use the ANOVA (Kruskal-Wallis in case of violation of the homogeneity of variance assumption), the t-test and the chi-square test in some cases to explore the impact of these variables on the differences on the selection criteria, as well as the multiple ANOVA to check for the interaction effect.

Table (9.21) presents the p value for the Levene, ANOVA (Kruskal-Wallis) and t-test for all the tested variables. The results show that from all the eleven variables used in this investigation only three variables were suggested to have an impact on the importance level of quality dimension (gender and position of the respondent and the business activity of the company). Based on that this dissimilarity of the level attached to the quality dimension might be attributed to sample difference on the gender, position and/or the business activity of the company. Regarding gender the Egyptian sample did not show such differences according to the gender (the t-test p value = .852) but the cause was the UK sample, which showed such a differences according to gender (the t-test p value = .000). This fact weakened the argument that dissimilarity is due to differences in gender between the two samples structure and strengthened the argument that this dissimilarity is due to genuine differences between the two countries. The same scenario could be applied to the position variable. Here the two countries show no sign of individual effect of the respondent position on the level of importance attached to the quality dimension (the t-test p value = .201 and .115 in Egypt and the UK respectively). Again this strengthens the argument that dissimilarity is due to genuine cultural differences as position of the respondent does not have an impact on the level of importance attached to the quality dimension. Finally regarding the company's business activity, there was no sign of effect of the business activity on the importance level of the quality dimension in the two countries. In Egypt the value of the p of the ANOVA test was .769, and in the UK, as the Levene test was violated, the value of the p of the Kruskal-Wallis was .324. These results, as for the previous one, support the argument that this observed dissimilarity is due to genuine differences between the two countries not because of the differences on the sample structure between the two countries.

The results of the multiple ANOVA test show that regarding gender both the cultural effect and the interaction effect were not significant (p> .05). Then the possible effect of the gender differences on the sample was not confirmed here as well. For the position of the respondent while the interaction effect was not significant (p= .993).

the culture effect was significant (p= .007), but as long as no response style bias was detected in this research (see chapter seven) then it could be argued that position of the respondent does not have an impact on the importance of quality dimension. Regarding the activity of the company, just like position of respondent the interaction effect was not significant (p= .949) but the cultural effect was significant (p= .021), then it could be argued that the company's activity does not have an impact on the attached level of importance of quality dimension. For the other eight variables, which did not have an impact on the importance of quality, only age of the company showed significant interaction effect. Plotting this interaction effect results in concluding that it is of disordinal type, which suggest that difference on the quality importance could be attributed to genuine differences.

In conclusion this hypothesis proposing that small business customers in both countries attach a similar level of importance to the quality dimension on the bank selection decision could be rejected based on the previous explanation. The Egyptian small business customers attach a higher level of importance to the quality dimension and there was no evidence that this dissimilarity is due to differences in the sample structure between the two countries, but it is due to genuine differences between them.

H.15 proposes that "*The level of importance attached to the interaction dimension of the bank selection criteria is expected to be similar across the small business companies in Egypt and the UK*". The results of the t-test show that there were no differences in the level of importance attached to the interaction dimension in the decision of bank selection by the small business companies in the two studied countries (p = .925). The multiple ANOVA results for the eleven variables suggest that only one variable (number of banks) has a significant interaction effect, but of disordinal effect type. These results suggest that this hypothesis could not be rejected. Regardless of the differences in the sample structure between the two countries the results suggest a similar level of importance attached to it in both of the countries, which strengthens the argument that the importance level attached is truly similar.

H.16 suggests that "*The level of importance attached to the non-financial items of the bank selection criteria is expected to be similar across the small business companies in Egypt and the UK*". The t-test result for this hypothesis shows that it could be rejected, as the equality of means is not accepted (p = .003). As had been done in testing H.14, this hypothesis should follow the same scenario, i.e. test whether the differentiating variables differ on the level of importance attached to the non-

financial items. Table (9.21) presents the p value for the Levene, ANOVA (Kruskal-Wallis), t-test and chi-square test for all the tested variables. These results showed that only one of the eleven variables is suggested to have an impact on the level of importance of the non-financial items (the business activity). For this variable the Egyptian sample did not show any significant differences on this variable based on the type of the business activity (the value of the p for the Kruskal-Wallis was = .186, as the Levene test was violated). The UK sample did not show any differences as well, as the p value for the ANOVA was .161. These results strengthen the argument that the differences between the two studied countries on the level of importance attached to the non-financial items is due to genuine reasons rather than the differences on the structure of the samples in both countries.

The results of the multiple ANOVA test shows that regarding the company's activity neither the cultural effect nor the interaction effect were significant (p> .05). As the possible effect of the company's activity on the importance of the non-financial items was not confirmed here, then it could be argued that company's activity does not have an impact on the attached level of importance of the non-financial items. For the other ten variables, which did not have an impact on the importance of the non-financial items, only two variables (number of banks and educational level) showed a significant interaction effect, of ordinal type for the number of banks and of disordinal type for the educational effect. Although this might raises that the number of banks has an effect on the difference of the importance level attached to the non-financial items, the results of the first test did not confirm that, and at the same time the differences between the two countries on the number of banks used are not just samples differences but they are genuine differences between the two countries, which weaken the argument of such possible effect.

In conclusion this hypothesis proposing that the small business customers in both countries attach a similar level of importance to the non-financial items on the decision of bank selection could be rejected. These differences, as the Egyptian small business customer attaches higher levels of importance to the non-financial items, could be attributed to the genuine cultural differences between the two countries rather than the differences in the structure of the sample in both countries.

H.17 suggests that "*The level of importance attached to the financial items of the bank selection criteria is expected to be similar across the small business companies in Egypt and the UK*". The results of the t-test suggest that this hypothesis could not

rejected (p = .204). When running the multiple ANOVA on these eleven variables the results show that only the educational level of the respondent shows a significant interaction effect, but of disordinal type. Hence in general there was no possible impact of these variables on the importance of financial items. Based on that one could conclude that small business customers in both countries attach a similar level of importance to the financial items on the decision of bank selection.

H.18 suggests that "*The level of importance attached to the hard items of the bank selection criteria is expected to be similar across the small business companies in Egypt and the UK*". The t-test results show that this hypothesis could be rejected (p = .000). Table (9.21) presents the results of the tests that had been used to investigate the impact of differences in the sample structure between the two countries on the level of importance attached to the hard items of the bank selection criteria. These results show that four out of the eleven variables differ on the level of importance attached to the hard items (number of banks used, gender, number of employees and position of the respondent). For the number of banks used both Egyptian and UK samples show no sign of individual effect of this variable on the importance of the hard items (the ANOVA p value were .852 and .329 for Egypt and the UK respectively). For the gender variable only the Egyptian sample did not show any effect on the level of importance attached to the hard items (p = .437), while the UK sample showed such an impact (p = .000). Regarding the number of employees variable, again only the Egyptian sample shows no individual sign of effect on the importance (the ANOVA p value = .315), while for the UK the results suggest a possible effect of size of the company on the level of importance of the hard items in the decision of bank selection. Finally for the position of the respondent variable both countries show a possible effect on the level of importance of the hard items (p = .044 and .013 in Egypt and the UK respectively), which suggests that the differences in results between the two countries on the level of importance attached to the hard items might be due to the differences in the sample structure between the two countries regarding the position of the respondent.

The results of the multiple ANOVA test shows that regarding the number of banks used by the company while the interaction effect was not significant (p= .788), the culture effect was significant (p= .009). But as long as no response style bias was detected in this research, then it could be argued that the number of banks used by the company does not have an impact on the importance of the hard items. The same

results could be found when investigating the gender (p= .316 and .017 respectively), the number of employees (p= .304 and .000 respectively) and the position of the respondent (p= .977 and .004 respectively). These results suggest no possible effect of these variables on the importance attached to the hard items. For the other seven variables, which did not have an impact on the importance of the hard items, only age of the company showed a significant interaction effect, but of disordinal type, which weakens the argument of its possible effect of the difference on the importance attached to hard items.

In conclusion based on the previous results it could be suggested that there was no possible effect of the differences on the sample structure in both countries on the level of importance attached to the hard items of the bank selection criteria. As the two test results did not support each others in confirming that the differences on the importance level attached to the hard items is partially because of the differences between the two samples on the position of respondent, it might be argued that these differences, as the Egyptian sample show significant higher level of important compared to the UK sample, are attributed to genuine cultural differences between the two countries.

H.19 suggests that "*The level of importance attached to the soft items of the bank selection criteria is expected to be similar across the small business companies in Egypt and UK*". The t-test results show that this hypothesis could be rejected (p = .028). Table (9.21) presents the results of the tests that had been used to investigate the impact of differences in the sample structure between the two countries on the level of importance attached to these soft items of the bank selection criteria. These results show that only two out of the eleven variables differ on that level of importance (gender and the business activity). Regarding the gender the Egyptian sample did not show any sign of differences in the importance level attached to the soft items according to differences in gender (p = .901), while the UK sample shows that there are differences (p = .000). For the type of the business activity both sets of samples show no sign of individual differences according to this on the level of importance attached to the soft items of the bank selection (ANOVA p value = .441 and .073 in Egypt and the UK respectively).

The results of the multiple ANOVA test show that regarding the gender while the interaction effect was significant (p= .030), the culture effect was not significant (p= .451). But this interaction effect was of disordinal type, which suggests that no combined effect could be confirmed. Regarding the company's activity both the

interaction effect and the cultural effect were not significant (p> .05), hence it could be argued that the company's activity does not have an impact on the attached level of importance of the soft items. These results support the previous results of no possible effect of the company's activity on the importance attached to the soft items. For the other nine variables, which did not have an effect on the importance of the soft items, only educational level showed a significant interaction effect, but of disordinal type, which weakens the argument of such a possible effect on the importance level attached to the soft items.

In conclusion this hypothesis could be rejected, as there is evidence on differences between the two countries on the level of importance attached to the soft items as part of the bank selection criteria for small business companies. The Egyptian small business customers attach higher levels of importance to this variable compared to the UK small business customers. These differences could be argued that it is due to genuine reasons rather than differences between the two samples.

H.20 proposes that "*The level of importance attached to the extra items of the bank selection criteria is expected to be similar across the small business companies in Egypt and the UK*". The results of the t-test suggest that this hypothesis could not be rejected (p = .136). When running multiple ANOVA on these eleven variables only age of the company and its market show a significant interaction effect, but of disordinal type. Based on that it could be conclude that small business customers in both countries attach a similar level of importance to the extra items on the decision of bank selection.

H.21 suggests that "*The level of importance attached to the relationship items of the bank selection criteria is expected to be similar across the small business companies in Egypt and the UK*". The t-test results suggest that this hypothesis could not rejected, as there was no evidence of differences in means (p> .05). The multiple ANOVA results show that only the number of banks has a significant interaction effect of ordinal type. Hence it might be argued that this similarity is due to differences between the samples on number of banks. This argument is weakened because the differences between the two samples on number of banks used is arguably a genuine difference not just a sample difference, as the Egyptian small business population tend to use more banks compared to the UK small business. Hence it could be argued that small business customers in both countries attach a similar level of importance to the relationship items on the decision of bank selection.

H.22 suggests that "*The level of importance attached to the experience and recommendation items of the bank selection criteria is expected to be similar across the small business companies in Egypt and the UK*". The t-test result for this hypothesis shows that it could be rejected, as the equality of means is rejected (p = .001). Hence tests should be carried out to investigate whether the differences on the differentiating variables led to this difference on the level of importance attached to the experience and recommendation items or that this difference is because of real genuine reasons. Table (9.21) presents the p value for the Levene, ANOVA (Kruskal-Wallis) and t-test for all the tested variables. These results showed that only two of the eleven variables are suggested to have an impact on the level of importance of the experience and recommendation items (gender and the business activity). Regarding gender, the Egyptian sample did not show any significant differences on the importance level attached to the experience and recommendation items (p = .697), while the UK sample shows differences (p = .000). For the type of the business activity the results of both countries suggest no individual sign of effect from this variable on the studied variable, as the p value of the ANOVA test in both Egypt and the UK respectively were .173 and .817. These result suggest that in general one could argue that differences between the two studied countries on the level of importance attached to the experience and recommendation items is due to genuine reasons rather than the differences on the structure of the samples in both countries.

The results of the multiple ANOVA test show that regarding both variables (gender and company's activity) the interaction effect was not significant (p= .355 and .261 respectively), while the culture effect was significant (p= .019 and .004 respectively). But as long as no response style bias was detected in this research, then it could be argued that both variables do not have an impact on the importance of recommendation and experience. For the other nine variables, which did not have an effect on the importance of the soft items none of them had a significant interaction effect, which weakens the argument of possible effect on the importance level of recommendation.

In conclusion this hypothesis, which proposed that the small business customers in both countries attach a similar level of importance to the experience and recommendation items on the decision of bank selection could be rejected. These differences (the UK small business customer attaches higher levels of importance to this variable compared to the Egyptian ones) could be attributed to the genuine

cultural differences between the two countries rather that the differences in the structure of the sample in both countries.

H. 23 suggests that "*The Egyptian small business customers attach a higher level of importance to the brand items of the bank selection criteria compared to the UK small business ones*". The results of the t-test suggest that this hypothesis could not be rejected, as the null hypothesis assuming the equality of means could be rejected (t-test 1-tailed p value = .002). The procedures previously applied to investigate whether differences in means are due to differences in sample structure or genuine differences should be applied here as well. From the eleven differentiating variables only one had shown dissimilar effect on the brand items variable that is the gender of the sample (table [9.21] present the p value of the Levene, ANOVA, Kruskal-Wallis and t-test). The results of the Egyptian sample show no sign of individual effect of gender on the brand items (p = .363), while the UK sample shows a possible effect (p = .000), hence no possible effect of the gender on the level of importance attached to the brand item could be confirmed.

The results of the multiple ANOVA test shows that regarding the gender while the interaction effect was significant (p = .004), but of disordinal type, the culture effect was not significant (p = .853), which suggests no possible effect of gender on the importance level attached to the brand items. For the other ten variables, which did not have an effect on the importance of the soft items, only number of banks showed significant interaction effect of ordinal type. Although these results might suggest that the number of banks has an effect of the difference on the importance attached to the brand items, the results of the first test did not confirm that and at the same time these differences in sample structure are represent real differences not just sample differences, which weakens the argument of this possible effect.

In general one could conclude that the differences in means regarding the higher level of importance attached to the brand items in Egyptian small business customers compared to the UK one could be attributed to genuine differences rather than differences in the sample structure in both countries because the two tests did not support each other in supporting the possible effect of gender on the importance attached to the brand items.

H.24 suggests that "*The level of importance attached to the non-brand items of the bank selection criteria is expected to be similar across the small business companies in Egypt and the UK*". The t-test results suggest that this hypothesis could not be

rejected, as there was no evidence of differences in means (p> .05). Running multiple ANOVA on all the eleven variables shows that only age of the company and its market have significant interaction effect, but both of them were of disordinal type. Hence it could be concluded that small business customers in both countries attach a similar level of importance to the non-brand items on the decision of bank selection.

H.25 proposes that "*Egyptian small business customers split their banking operations more than the UK ones*". The chi-square test had been used in order to investigate such a hypothesis. The results suggest that the Egyptian small business customers show significantly higher mean scores of the number of banks they use compared to the UK small business companies (p = .000). The results suggest that this hypothesis should not be rejected, i.e. the Egyptians use a higher number of banks compared to the UK small business customers, but this conclusion needs to be supported by running the chi-square test on the differentiating variables in order to investigate if this difference is genuine or due to sample variance between the two countries. Table (9.21) summaries the results, which shows that eight out of the ten variables suggest differences due to the differences on sample structure (gender, educational level, age, form of business, size of business, age of the business, markets served and position of the respondent). Taking this result a step further by testing the difference separately in each country results in finding that the Egyptian sample differ on four of them (the form of business, the size of the business, the markets served and the position of the respondent) (the p value = .463, .337, .758, .000, .001, .345, .010 and .028 for the eight variables respectively[*]). The UK sample shows only one difference on the market served (p value for the eight variables respectively = .219, .052, .171, .567, .130, .707, .006 and .416). These results suggest that the differences in the tested hypothesis could be attributed to genuine differences, except for the markets served by the business, which might be the cause for such differences in the results, as this was the only variable differ in both countries together.

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[*] Fisher's exact probability test will be used instead of the Pearson chi-square asymptotic if more than 25% of cells have less than 5 frequencies. Dancy and Reidy (1999, P250) pointed out that "*This test can be used when the assumption is broken, because the formula is not sensitive to small expected frequencies*".

In conclusion this hypothesis suggesting that the Egyptian small business customers use a higher number of banks in their operations compared to the UK small business could not rejected. These differences could be attributed in part of it to the differences on the markets served by the business companies in the two studied countries.

H.26 suggests that "*A similar level of the bank services is used by the small business customers in Egypt and the UK*". The results of the chi-square test show that for the nine main bank services, four were used at the same level. Those are current accounts, deposits, money transfer and foreign exchange (the p value = .169, .063, .158 and .813 respectively). For the other five services the levels of usage were significantly different (loans, overdraft, letter of credit, documentary credit and credit cards) (the p value were .004, .000, .000, .000, .000 respectively). The same scenario previously applied to test whether these differences are genuine or due to sample structure differences between the two countries should be applied here as well. Table (9.21) presents the results of testing these differences.

These results show that for the loan service only one variable of the eleven differentiating variables might have an impact on it (period with bank). The results of testing this variable in each country separately show that in Egypt there was no sign of such an effect as the chi-square p value was = .364, while in the UK the p value was = .022, which suggests a possible effect of the period with bank on the usage of loan service. In general, as both countries did not show such an effect, one could conclude that the differences on the usage level of the loan service (as the UK small business customers show higher usage level of the loan service compared to the Egyptian small business customers) are because of genuine differences and not because of differences on the sample structure between the two countries.

For the overdraft service the results on table (9.21) shows that only two variables show a possible effect on the overdraft service usage. Those are the level of education and the form of business. Regarding the level of education, both countries did not show any individual effect of education on the usage of overdraft (p = .665 and .468 in Egypt and UK respectively), while for the form of business only the UK showed such a possible effect (p = .187 and .021). Based on the previous results it could be concluded that the differences in the usage level of overdraft service (the UK is higher than Egypt) are because of genuine differences not differences on the sample structure.

For the letter of credit service table (9.21) suggests that six of the eleven differentiating variable show possible effect on the results of the level of usage of the

letter of credit service in both countries (number of banks, educational level, form of business, business activity, number of employees and markets served). In Egypt (p = .224, .004, .961, .035, .020 and .005 respectively) the results show possible individual effect of education, business activity, employee and markets, while in the UK (p = .607, .739, .553, .072, .274 and .004) the results suggest only the markets served has an individual effect on the level of usage of the letter of credit service. As only the type of markets served has an individual effect on the usage of letter of credit service in both countries, the researcher must admit that the differences in the results (Egyptian small business customer uses a higher level of letter of credit service) might be attributed to differences in the sample structure between the two samples on the variable of type of market served.

Regarding the documentary credit service the results presented in table (9.21) suggest that seven variables out of the eleven differentiating variables show possible effect on the results of the usage level of the documentary credit service (number of banks, gender, education, form of business, the business activity, the employees and the market). In Egypt only two of these seven variables show a possible individual effect on the results. Those were the business activity and the market served (p = .975, .323, .670, .541, .000, .052, .003 respectively). The UK sample shows that three of those seven variables show a possible individual effect on the results. Those were the form of business, the number of employee and the market served (p = .095, .706, .165, .034, .213, .018 and .019 respectively). Based on that the research must admit that the higher level of usage of the documentary credit service used by the Egyptian small business customers compared to the UK small business customers might be attributed to the differences between the two countries in the sample structure regarding the type of the market served.

For the credit card service the results in table (9.21) show that only three variables show a possible effect on the credit card service usage. Those are the number of banks, the educational level and the form of business. For the number of banks both countries did not show a possible individual effect on the usage of the credit cards (p = .934 and .254 in Egypt and the UK respectively). Regarding the level of education again both countries did not show any individual effect of education on the usage of credit cards (p = .965 and .129 in Egypt and the UK respectively). Finally for the form of business only the UK showed such a possible effect (p = .147 for Egypt and .021 for the UK). Based on the previous results it could be concluded that the differences in the usage of

credit card service (UK is higher than Egypt) are because of genuine differences not differences on the sample structure.

In general this hypothesis could be rejected as five of the nine main services show a significant difference in the usage level by the small business customers in the two countries, as Egyptian customers use a higher level of letters of credit and documentary credit, while the UK small business customers use a higher level of loans, overdraft and credit cards.

Finally H.27 proposes that "*Reasons of switching banks differ between small business customers in Egypt and the UK*". The t-test results are divided in its suggestions that for two of the four summated scales of the switching reasons (reliability problems and competitors actions) there was a significant difference in the results between the two countries (p = .000 for both), as the Egyptian sample shows a higher level of intention of switching banks due to these reasons. For the other two summated scales (the credit problems and the physical problems) the results suggest no differences in the importance level attached to them on the switching decision (p = .952 and .114 for credit and physical respectively). The normal procedures applied before for investigating whether these are genuine differences or due to sample structure differences will be applied here as well.

For the reliability problems, table (9.21) presents the p value for the Levene, ANOVA (Kruskal-Wallis) and t-test for all the tested variables and suggests that only three of the eleven variables has an impact on the level of importance of reliability problems in the switching decision (education, the form of business and position of the respondent). For the three variables both the Egyptian and the UK samples did not show any significant individual differences. For Egypt the p value for the ANOVA were .741 for education and .985 for form of business and the p value for the position (t-test) was .374. For the UK the p value for the ANOVA was .464 for education and p value for the Kruskal-Wallis was .505 for the form of business, as the Levene test was violated and the p value for the t-test for the position was .202. These results strengthen the argument that the differences between the two studied countries on the level of importance reliability problems in the decision of switching banks is due to genuine cultural differences rather than the differences on the structure of the samples in both countries.

The results of the multiple ANOVA test shows that for all the three variables (educational level, form of business and position of respondent) the interaction effect

was not significant (p = .459, .596, .758 respectively), while the culture effect was significant (p = .006, .007, .000 respectively). But as explained later, as no response style bias was detected in this research, then it could be argued that these three variables do not have an impact on the importance level attached to the reliability problems of switching reasons. For the other eight variables, which did not have an effect on the importance of the reliability problems of switching reasons, none of them show any significant interaction effect, which weakens the argument of a possible effect.

In conclusion this part of the hypothesis, proposing that the small business customers in both countries attach a similar level of importance to reliability problems on the decision of switching banks, could be rejected. These differences, as the Egyptian small business customer attaches higher levels of importance to the reliability problems, could be attributed to the genuine cultural differences between the two countries rather than the differences in the structure of the sample in both countries.

For the competitors' actions table (9.21) presents the p value results, which suggest that four of the eleven variables probably have an impact on the level of importance of competitors' actions in the switching decision (number of banks used, period with the bank, education and the age of the company). For all the four variables both the Egyptian and the UK samples did not show any significant individual differences. For Egypt the p value for the ANOVA were .469, .805, .445, and .099 for the four variables respectively. For the UK the p value for the ANOVA were .068, .355, .899, and .686 respectively. These results suggest that the differences between the two studied countries on the level of importance of the competitor actions in the decision of switching banks is because of genuine cultural differences rather than the differences on the structure of the samples in both countries.

The results of the multiple ANOVA test shows that regarding the number of banks while the interaction effect was significant (p = .043) and of ordinal type, the culture effect was not significant (p = .382). This result suggests that differences in the number of banks between the two samples could be the cause of differences in the level of importance attached to the competitors' actions of switching reasons. But as explained before, this argument is weakened by the fact that the difference on number of banks is not a sample difference but is a genuine difference between the two countries. For the other three variables period with bank, educational level and age of the company that have a possible impact on the competitors actions importance, the

results show that the interaction effect was not significant p= .583, .418 and .671 respectively, while the culture effect was significant p= .010, .104 and .002 respectively. But as long as no response style bias was detected in this research, then it could be argued that these three variables do not have an impact on the importance of the competitors' actions of switching reasons. For the other seven variables only the position of respondent shows significant interaction effect of ordinal type. Although it could be argued that position of the respondent has an effect of the difference on the importance attached to the competitors' actions, the results of the first test did not confirm that, which weakens the argument of this possible effect.

In conclusion this part of the hypothesis, suggesting that the small business customers in both countries attach similar levels of importance to the competitors' actions on the decision of switching banks, could be rejected. These differences (the Egyptian small business customer attaches higher levels of importance to the competitors action) could be attributed to the genuine cultural differences between the two countries rather that the differences in the structure of the sample in both countries.

In general for this hypothesis proposing that the reasons of switching banks enjoy a similar level of importance in both studied countries could be rejected. Although both the credit problems and the physical problems enjoy this similar level of importance, both the reliability problems and the competitors' actions are not enjoying such a similar level of importance in both countries, as in Egypt they enjoy a higher level compared to the UK. These differences in the results could be attributed to genuine cultural differences and not to the differences on the sample structure of both countries.

After presenting the detailed results of the hypotheses testing, the final part of this chapter will introduce a discussion of the findings of this research as a preliminary phase of proposing the theoretical conclusions and the empirical implication of this research.

Table (9.21) Impacts of differences of sample structure

Differentiating variables	H.14		H.16		H.18		H.19		H.22		H.23		H.25	H.26 Chi-square					H.27		
																			Switch 1		S
	Levene	ANOVA*	Levene	ANOVA	Levene	ANOVA	Levene	ANOVA	Levene	ANOVA	Levene	ANOVA	Chi-square*	Loans	Overdraft	Letter of credit	Documentary credit	Credit cards	Levene	ANOVA	Levene
Number of used banks	.029	.189	.667	.676	.725	.018	.038	.738	.013	.166	.001	.784	-	.176	.063	.000	.000	.005	.065	.082	.64
Period with the bank	.423	.401	.047	.663	.190	.300	.221	.386	.032	.149	.018	.491	.484	.014	.099	.231	.077	.226	.532	.660	.10'
Gender (t-test)	-	.001	-	.360	-	.009	-	.000	-	.000	-	.014	.000	.057	.113	.106	.005	.299	-	.557	-
Educational level	.338	.123	.064	.059	.645	.101	.482	.105	.001	.176	.853	.255	.000	.898	.005	.000	.000	.001	.204	.023	.671
Age of the respondent	.330	.090	.119	.111	.359	.087	.510	.104	.232	.526	.393	.067	.042	.494	.451	.133	.122	.242	.169	.151	.596
Form of the business	.280	.372	.079	.256	.011	.097	.422	.296	.000	.200	.349	.324	.000	.383	.021	.005	.001	.000	.018	.012	.096
The business activity	.784	.050	.310	.007	.534	.113	.094	.022	.818	.401	.414	.053	.105	.751	.744	.000	.000	.867	.739	.294	.882
Size of the business	.991	.070	.468	.105	.791	.008	.203	.548	.780	.007	.897	.419	.000	.290	.816	.000	.000	.885	.790	.146	.474
Age of the business	.243	.991	.235	.890	.841	.986	.027	.837	.010	.079	.421	.940	.027	.353	.118	.593	.671	.062	.505	.169	.193
Markets served	.915	.182	.305	.240	.971	.063	.139	.717	.734	.665	.925	.298	.000	.058	.951	.000	.000	.984	.564	.445	.857
Respondent's position (t-test)	-	.009	-	.601	-	.000	-	.159	-	.324	-	.499	.000	.427	.981	.193	.387	.365	-	.015	-

* Kruskal-Wallis test replace ANOVA test when Levene test is violated
* Fisher's exact probability is used if more than 25% of cells have expected count less than 5.

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9.3   Discussion of the findings

This research tried to investigate two groups of hypotheses, the first group investigates the features and characteristics of the relationship between the small business customers and their banks in general in both countries, while the second group emphasises the similarities and differences in those features and characteristics between the two studied countries. Table (9.22) summarises the results of these hypotheses, but before discussing these results three points have to be highlighted:

1- Although the two samples in both countries are considered representative of their small business population (which is more important than having matched samples, otherwise the researcher will not be able to argue for the applicability of similar positioning strategies as, apart from the fact that this population is matched from one point of view [small business], they are different regarding other criteria), there was a significant difference between both of them in most of the company-related and personal-related characteristics. The researcher had to run further tests for the hypotheses suggesting dissimilarity between the two countries in order to ensure that these differences are genuine in nature due to cultural differences and not because of differences between the two countries on the sample structure.

2- These differences on the sample structure between the two countries did not have a significant effect on the results of the research. Although in every hypotheses the researcher was faced with company-related and personal-related characteristics that might caused such a difference or similarity, the further analysis suggested that these results are most likely to be because of genuine reasons rather than differences in sample structure. As the two tests used in this further analysis did not support each other results, confirmed the impact of one of these variables on the importance level, which weakens the argument of a possible impact of these variables on the noticed differences or similarities.

3- The fact that not a single company-related or a personal-related characteristic appeared as a possible cause of the dissimilarity in all of the hypotheses results strengthens the argument that in general the differences on the sample structure are not the cause of the differences in the results, but the differences are genuine due to cultural differences between the two countries.

Table (9.22) Results of the hypotheses testing

Proposed hypotheses	Results[*]			Comments
	Egypt	UK	Final	
1- Interaction is more important than quality	R	R	R	
2- Quality of the service provider is more important than the qualities of the service itself	R	R	R	
3- Relationship is more important than experience and recommendation	A	A	A	
4- Brand items are more important than the non-brand items.	A	A	A	
5- Credit users attach more importance to financial items	R	R	R	
6- The greater the number of times meeting the manager the greater the importance of getting well with manager.	R	A	R	In UK correlation of weak form
7- Form of the business has no effect on the bank selection criteria	A	A	A	
8- Activity of the business has no effect on the bank selection criteria	A	A	A	
9- Size of the business has no effect on the bank selection criteria	A	A	A	
10- Age of the business has no effect on the bank selection criteria	A	A	A	
11- Business marketing on the international level attach more importance to the size and global criteria of the bank	R	A	R	In UK correlation of weak and moderate forms
12- Performance expectations of the business has no effect on the bank selection criteria	A	A	A	
13- Gender, education or age of the businessmen has no effect on the bank selection criteria	A	P/A	A	In UK only gender do have an effect on selection criteria
14- Egypt and UK attach similar importance to the quality dimension	+		R	The differences are genuine
15- Egypt and UK attach similar importance to the interaction dimension			A	
16- Egypt and UK attach similar importance to the non-financial items	+		R	The differences are genuine
17- Egypt and UK attach similar importance to the financial items			A	
18- Egypt and UK attach similar importance to the hard items	+		R	Differences might be because of differences on the position.
19- Egypt and UK attach similar importance to the soft items	+		R	The differences are genuine
20- Egypt and UK attach similar importance to the extra items			A	
21- Egypt and UK attach similar importance to the relationship items			A	
22- Egypt and UK attach similar importance to the experience and recommendation items		+	R	The differences are genuine
23- Egyptian attach higher level of importance to the brand items			A	The differences are genuine
24- Egypt and UK attach similar importance to the non-brand items			A	
25- Egyptian split their banks more than the UK			A	Differences might be because of differences on the markets
26- Egypt and UK use similar level of the bank services	+ 2	+ 3	R	The differences are genuine
27- Switching reasons differ between the two countries			A	The differences are genuine

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[*] A = Accepted, R = Rejected, P/A = Partially accepted and + mean that the mean is greater in this country.

The previous results suggest that regardless of the cultural differences between the two studied countries that had been explained in chapter five, it could be argued that a number of similarities could be found on the level of importance attached to the selection criteria. Of course similarity does not mean being identical, but it has the meaning of partial differences.

As no one should expect a total identical picture between the two countries, the results discussed on chapters 8 and 9 suggest that similarities are dominating the picture in comparison to differences. This suggests the possibility of applying similar (again not identical) positioning strategies that incorporate the differences between both countries.

In general for the two main dimensions of selection criteria (quality and interaction) quality is found to be different, while interaction is found to be similar, and for the seven main sub-dimensions of selection criteria, three were found to be similar (financial items, extra items and relationship items), while the other four were found to be different (non-financial items, hard items, soft items and experience and recommendation items). Regarding the level used of the nine main bank services, Egypt and the UK were found to be similar in four of these services (current accounts, deposits, money transfer and foreign exchange). For the other five services Egyptian small business customers appear to use a significant higher level of two of them (letter of credit and documentary credit), while the UK small businesses use significant higher level of loans, overdraft and credit cards. These differences reflect the early remark that UK small business customers depend more on banking finance compared to the Egyptian ones, who depend on their own source of finance. As anticipated the Egyptian small business customers split their banking operations significantly more than the UK ones. This might be attributed to what had been explained before in chapter four about the instability and continued changes of internal policies of the Egyptian banks, which push the business customers in the direction of building a relationship with other banks in order to use it as a spare or a back-up one in the event of any problems, so by doing that the business protects itself from such changes.

Regarding the features and characteristics of the relationship between the small business customers and their banks, a number of conclusions could be drawn from the previous analysis:

1- Although the interaction dimension is more important than the quality dimension in the decision of bank selection in Egypt, such a situation does not apply to the

UK, as the results suggest an equal effect of both of them on the bank selection decision. These results could suggest that at least the interaction dimension is of equal importance to the quality dimension on the decision of bank selection for small business customers.

2- The qualities of the service itself (mainly technical quality) are more important than the qualities of the service provider (functional and image quality). That is the case for the small business customers in both countries. The same situation is applied to the comparison between the relationship items and the experience and recommendation items, as in both countries the relationship was more important than the experience and recommendation.

3- The items that could not be mainly judged, from the customers' point of view, before starting consuming the bank services, i.e. after purchasing (referred to as the brand items) are more important than the items that could be mainly judged before consuming the services, i.e. before purchasing (referred to as the non-brand items), that is true in both the two studied countries.

4- All the company-related variables, i.e. the form of the business, its type of activity, its size, its age and its expectations of the business performance do not have any effect on the decision of bank selection for the small business customers in both countries

5- All the personal-related variables, i.e. gender, education and age, do not have any effect on the decision of bank selection for small businessmen/women in both countries, except for the gender in the UK, which appears to have an effect on the selection criteria, as businesswomen need a higher level of selection criteria in order to be satisfied compared to the businessmen.

6- The rank of order of the seven important factors summated scales was almost identical in both countries, which suggests a very high degree of similarity between the two countries regarding the order of the factors affecting the decision of bank selection.

7- Although the rank order of the important factors of the decision of bank selection was highly similar between the two countries, the order of the determinant factor was dissimilar. This dissimilarity could be attributed to the effect of the banking market in each country (as the determinant output is the importance multiplied by the degree of dissimilarity).

8- Finally highly similar groups of small business customers (clusters), regarding the bank selection criteria and the switching reasons, could be identified in both countries, which propose the appropriateness of adopting similar position strategies in both countries to the target market of the small business customers.

9.4   Conclusion

This chapter presented the hypotheses testing results, which is the main source of the output for this whole research. The hypotheses testing results had been presented in two groups. The first group deals with the features and characteristics of the relationship between the small business customers and their hypothetical expected banks, while the second group deals with the similarities and differences between the two studied countries. A discussion of the findings was presented in the last section trying to organise the results before moving to the final chapter, which will present a summary of the results, the theoretical and practical implications of this research as well as its limitations, and finally the directions for the future researches. This chapter as well as the previous one show that it could be argued with a high degree of confidence that similar (not identical) positioning strategies could be adopted in both countries, regardless of their cultural and economical differences.

Chapter Ten

Summary and Conclusion

10.1 Introduction

This final chapter tries to present a profile of this study and a link to the future research in the field. In addition to a brief overview of the contents of each chapter, the chapter presents theoretical conclusions as well as the empirical conclusions and managerial implications of the research. This chapter also discusses the limitations associated with the research and finally a number of directions for further research are presented. The chapter will begin with a summary of the thesis chapters, followed by the theoretical conclusion, empirical conclusion and managerial implications and finally the limitations and the directions for further research.

10.2 Summary of the Research Structure

The structure of this research consists of three main parts, divided into ten main chapters. The first part, the literature review includes chapters two and three, the second part, the empirical study includes chapters four five and six, the third part, the data analysis and results include chapters seven, eight and nine. A brief description of each chapter is presented.

Chapter one was an introductory chapter and presented a general view of the research, its importance, its objectives, its contribution for both the academic and professional fields. The objectives of this research could be summarised as follow;

1- To develop a conceptual framework for the bank selection decision.

2- To evaluate this framework empirically in a cross-cultural methodology.

3- To determine whether it is possible to apply similar positioning strategies for small business customers in the two studied countries investigate the importance of the brand on the bank selection decision.

4- To explore the implications for positioning associated with the selection criteria.

Chapter two tried to conceptualise positioning and branding by emphasising that the positioning question is not about whether to position or not, but it is about how the

organisation could effectively and efficiently position itself. The positioning process is about "deciding which attribute(s) should be emphasised and how it should be communicated to the target market, in order to achieve a competitive advantage in that market". The organisation should use the positioning strategy(s) that suits it best from the alternative positioning strategies (for example by : attributes, quality or price, user, use or application, or with respect to the competitors). Positioning products does not differ from positioning services, except that for services the process is more difficult, but it is more important, especially for financial services, and more attributes are available for positioning services compared to products. The chapter then moved on to focus on branding issues by emphasising the importance of the interrelationship between branding and. This chapter continues with discussion of brands and branding. Branding is discussed as a sub-system of the positioning process, which concentrates on the brand and how the producer can form a successful relationship between the brand and its market. One can see this process as a multi-stage process, which includes the company's point of view (personality and identity), and the customer's point of view (image and reputation).

Chapter three discussed a number of issues in order to end up with a proposed conceptual framework for the small business' bank selection criteria. Firstly the issue of business customers' needs from their bank was discussed, then the empirical research on business as well as personal customers' bank selection criteria was critically reviewed. Then the results of the first wave of the exploratory pilot interviews, conducted on small business customers in Egypt was presented followed by a presentation to the issue of service quality models, as it was argued that service quality will have a strong relationship with selection criteria. Finally based on all the previous steps, the framework identifying the small business bank selection criteria was developed. This framework divides the small business' bank selection criteria into two main dimensions, quality and interaction, which in turn is divided into five factors, two related to quality (qualities of the service itself and qualities of the service provider), and three related to interaction (relationship, recommendation and experience).

Chapter four provided an overview of how this research had been conducted and how certain limitations were accommodated. The chapter started with an "ideal research view", explained the difficulties with this approach and presented a practical approach to the research. After presenting the research design the sixteen exploratory pilot interviews in Egypt and the UK were discussed. Finally the research hypotheses were developed and divided into two main groups. The first one deals with the hypotheses for small business customers (in general) and their banks. The second group of hypotheses deals with the expected similarities and differences between small business customers in Egypt and the UK.

Chapter five presented a profile of the two countries in this study (Egypt and the UK). This was done for two reasons. The first one is to increase the reader's familiarity with those two countries, which should result in better understanding of the situation in both countries and the second reason is to show the differences in almost every aspect between the two countries, which enhance their suitability when trying to test a universal framework for selection criteria for small business customers. This chapter began with presenting the cultural differences between the two countries based on Hofstede's study (1983), then the main economic conditions in both countries are presented. Finally the banking market as well as the small businesses in both countries are discussed.

Chapter six provided an overview of the methodology adopted in this research, starting with an introduction explaining the main cross-national research issues. It should be noted that after discussing the concepts of these cross-national issues, the study highlighted each individual cross-national issue in its relevant section, i.e. in the data collection process the issues of comparability and construct equivalence were reviewed. In the questionnaire design section the issues of instrument equivalence (item and translation) were reviewed. The sampling section presented the sampling equivalence issues (sampling unit and independence and representativeness). Finally in the data collection section the issues of contextual equivalence were ensured, including experimenter-subject relationship and the temporal issue.

Chapter seven explained the methodological issues following the implementation of the research instrument. The chapter begins by examining the issues of measurement equivalence including calibration and metric (scalar and response) equivalence and confirms the measurement equivalence in this research. Next there is a discussion of the response rate and the assessment of the non-response bias, ending by suggesting that no response bias could be detected in this research. The descriptive analysis of the data shows a high degree of representativeness in each country. The last two sections discussed the issues of validity (face, content, criterion and construct) and reliability (test-retest, equivalent forms and internal consistency). These results suggest that the measurement instrument that had been used in this research had a satisfactory degree of both validity and reliability and this data set could be used confidently in interpreting the differences and similarities between the two countries.

Chapter eight presented the main findings of the research. This chapter started by presenting the determinant bank selection criteria and the differences between the two countries. The following section presented an aggregate analysis of the important bank selection criteria, before presenting a very detailed explanation of these important bank selection criteria in the hypotheses testing section. The next section presented the results of the segmentation of the bank's small business market. This was followed by presenting the issue of switching bank reasons, as it was argued that these switching reasons could work as a proxy for post-purchase criteria for the positioning process

Chapter nine discussed the hypotheses testing results. These hypotheses were presented in two groups. The first group dealt with the features and characteristics of the relationship between the small business customers and their banks, while the second group dealt with the similarities and differences between the two studied countries regarding the small business customers banking attitude. A discussion of the findings was presented in the last section trying to organise the results before moving to the final chapter.

10.3 Theoretical Conclusion

The theoretical conclusion that could be drawn from conducting this research is a multifaceted one. This is mainly because this research had to investigate many issues (positioning, branding, segmentation, service quality, and selection criteria) in the banking industry and in a cross-national way (investigating two totally different countries, Egypt and the UK). These main theoretical conclusions are as follows:

1- The relationship and interface between the constructs studied in this research could be better explained by the following figure (10.1). This figure argues that gaining competitive advantage (from the marketing paradigm perspective) depends on conducting the STP strategy (segmentation targeting and positioning). Basically a firm starts by identifying the market segment(s) and choosing target segment(s) depending on internal analysis and competitors analysis. The positioning process at the first stage requires understanding of the pre-purchase criteria of that target segment(s), these pre-purchase criteria are defined in terms of quality and interaction (as presented in figure 3.4). Once the pre-purchase criteria are understood the brand can be positioned (but this process is affected by the branding process and should reflect the desired level of service quality and interaction). It should be noted here that the brand has a major role in pre-purchase stage as it is used to provide information about experience and credence criteria. Effective positioning builds competitive advantage and results in consumer choice, and once consumers have chosen they will experience the service and develop post-purchase criteria (which may or may not differ from pre-purchase criteria), where positioning must also reflect these criteria to ensure retention. In conclusion branding has a double effect on positioning the first one is direct through building the corporate image and reputation (as one of the pre-purchase criteria) and the second impact is indirect through providing information against which experience and credence criteria can be evaluated, so branding must reflect service quality and interaction and must be integrated into the positioning decision. In the other direction the positioning process reinforces the branding process as the overall position of the organisation enhance both the processes of building the corporate brand and the process of building any individual service or family of services brands. Branding and positioning reinforce each others. They provide information to help buyers evaluate the extent to which a service offer is likely to meet their pre-purchase choice criteria. They will also reinforce the buyers' perception of their post-purchase criteria. It is important that the branding and positioning message is consistent with the service experience. Good positioning and branding will help attract customers but retention will be difficult if the post-purchase experience does not match the pre-purchase promise.

Figure (10.1) The Marketing paradigm approach to competitive advantage
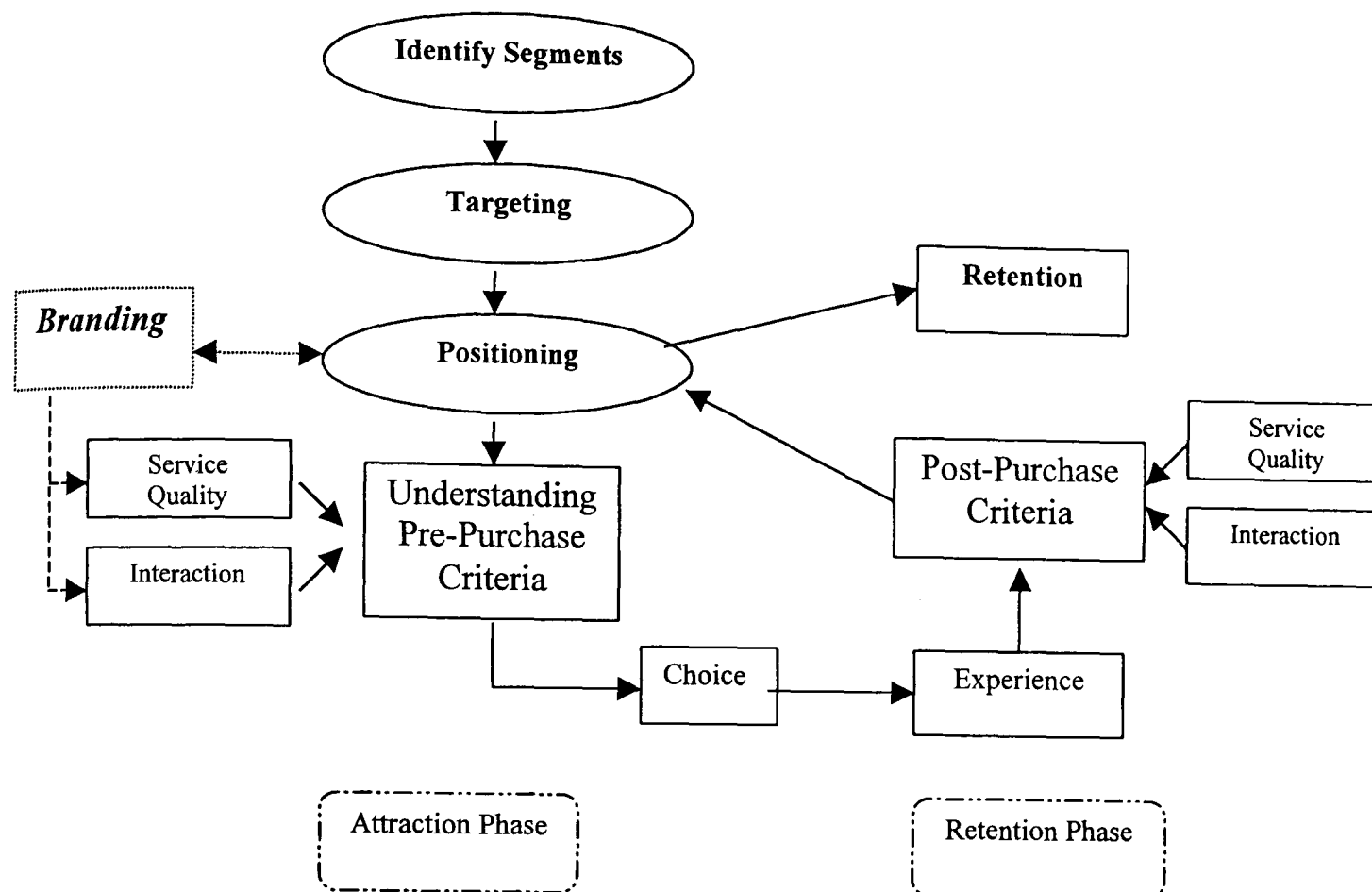
2- The bank selection criteria of the small business customers could be better understood within the proposed bank selection framework. This framework, which was developed based on findings from the literature and was supported by two waves of exploratory pilot interviews, was supported by the results of a sample survey. This framework groups the items influencing the selection (pre-purchase) decision into two main dimensions quality and interaction. These in turn are divided into five main sub-dimensions, two related to quality, qualities of the service itself (mainly technical quality) and qualities of the service provider (mainly functional and image quality) and three related to interaction, relationship, recommendation and experience. The theoretical importance of this framework is that, firstly, it is service oriented (i.e. especially developed to consider the specific nature and characteristics of services industries and especially the financial service industries). Secondly, it does suggest a distinction between the brand and non-brand criteria, as a step that will result in giving the appropriate attention to the brand as a source of information about the experience

appropriate attention to the brand as a source of information about the experience and credence qualities (i.e. the brand is used to signal qualities of post-purchase criteria), as this framework presents the criteria that are better judged after purchase in an image format (ex. image of accuracy) and the criteria that are better judged before purchase on an ordinal format (ex. debit interest rates). Finally, it considers a number of the criticisms made to the service quality models, as these models represent a major input to the suggested framework. Depending on this framework will offer better understanding of the selection criteria. It will help in understanding the differences and similarities between the selection criteria, satisfaction, and service quality, at the same time it will clarify the issue of pre- and post-purchase unresolved issues in the literature (Gardial et al, 1994).

3- The theoretical argument about the suggested way to practise positioning, i.e. depending on pre-purchase criteria to attract the customers and on post-purchase criteria to retain those customers within the bank, i.e. incorporating both pre- and post-purchase criteria in one complete strategy is theoretically sound. It is a central argument of this research, that the dependence only on pre-purchase criteria can not guarantee the success of a positioning strategy, effective positioning must also consider the post-purchase criteria, and these may be different from the pre-purchase criteria. It should be emphasised that branding process play a crucial role in delivering the right message about the service, hence minimising the differences between the pre- and post-purchase criteria.

4- The theoretical issues of the relationship between branding and positioning on one hand, and the brand and the branding process on the other hand could be better understand by the view presented in chapter two. In this view a brand is *"A feature (name, symbol, design, term.... etc or a combination of them) developed by the producer/retailer in order to build a relationship with the market, and differentiate the unit of competition (goods, services, ideas, organisations) from those of competitors"*. Branding is *"A sub-system of the positioning process, which concentrates on the brand and how the organisation might form a successful relationship between the brand and its target market"*. Positioning is *"A process which constitutes the third and last stage of the Segmentation, Targeting and Positioning strategy (STP), and it is about deciding which attribute(s) should be emphasised and how should it be communicated to*

the target market, in order to achieve the desired competitive advantage in that market". The relationship between branding and positioning is one in which branding is a sub-system of positioning (branding in the context of positioning), since the brand is one of the elements that might be used in positioning. A number of researchers are arguing crucial importance of the brands in services industries in general and in financial services in particular (Easingwood and Mahajan 1989; Saunders and Watters 1993; Bharadwaj et al 1993; Palmer 1998; De Chernatony and Dall'Olmo Riley 1999). Positioning should give special attention to the brand for different reasons, Firstly, as one of the important elements of positioning. Secondly the outcome of the branding process (image and reputation) has a direct impact on positioning by reinforce or reduce the overall outcome of positioning strategy, as if branding process were integrated and consistent with the desired positioning strategy, they will reinforce each other and vies-versa. Thirdly brands have a role in delivering information about the experience and credence qualities and play a role in relieving the risks associated with the bank selection decision. This will facilitate the process of communicating the positioning strategy to the customers. On the other hand branding should be planned bearing in mind the desired position the organisation (including all its brands) wants to occupy in the target market. So it should be done within the positioning context, otherwise a brand might succeed in the short run but fail in the long run, or even succeed in both the short and the long run but come up with a negative impact on the overall position of the organisation and/or the position of other products/services.

5- Finally two issues related to the methodology adopted in this research offer more support to the theoretical conclusions. The first one is the use of the "mixed research methods" approach which combines qualitative and quantitative designs in order to overcome the weaknesses of each of them and benefit from their strengths (Strauss and Corbin 1999; Creswell 1994; Greene et al 1989; Deshpande 1983). In this research the model used is the two-phase design "The dominant-less dominant design" where the study is based on a single dominant paradigm (in this research the sample survey, the quantitative) with one small component of the overall study drawn from the alternative paradigm (in-depth interviews, the qualitative) (Creswell, 1994). This method was used for development purposes, as it includes the sequential use of qualitative and

quantitative methods, where the qualitative method is used to help inform the development of the quantitative (Greene et al, 1989). The second methodological issue is the empirical application of the cross-national methodology issues and tests, which are often lacking or used inappropriately in research studies (Reynolds, 2000). This application should encourage others to practice cross-national research.

10.4 Empirical Conclusion and Managerial Implications of the Findings

The research results have a number of important empirical conclusion for researchers in the financial services marketing field as well as implications for bank management in each country in one hand and to banks, which operate (intend to operate) in both countries at the same time. These conclusions and implications are as follows;

1- Starting with a remark that had been suggested by Harrison (1994, P17) *"It has soon become apparent that financial institutions can no longer be all things to all customers. The importance of identifying profitable customers groups is increasing and market segmentation strategies, which recognise the importance of concentrating on the needs of homogeneous groups within a larger heterogeneous market, are receiving greater attention"*. This remark summarise the importance of this research and expresses its first implication for bank management, as the results show that even with the small business segment of the business market, one can still define different groups of customers.

2- Although no response style bias within the two studied countries was detected in this research, the investigation of other constructs should be accompanied with attempts to detect such bias, as other constructs might show a degree of response bias.

3- Researchers as well as banking organisations are encouraged to apply properly the cross-cultural research methodology before and during the research phases and check the measurement equivalence after data collection in order to increase the validity and reliability of the results and not just depend on the back translation as a solution for all cross-cultural issues.

4- While the positioning strategy for small business customers in Egypt should emphasise the quality dimension more that the interaction dimension, the positioning strategy for small business customers in the UK should emphasise both of them to the same degree (apart from the slightly more importance attached to the interaction dimension in the UK, there was no significant difference between them). In conclusion the bank management in both countries should attach at least the same level of importance to quality dimension as for the interaction dimension.

5- The positioning strategy for small business customers in both countries should emphasise the qualities of the service itself (mainly the technical quality) more than the qualities of the service provider (mainly functional and image quality), as the results suggest a significantly higher level of importance attached to the qualities of the service itself compared to the qualities of the service provider in both countries. In conclusion for small business customers in both countries the technical quality seems more important in the selection decision than the functional and image quality.

6- The positioning strategy in both countries should put more emphasis on the relationship sub-dimension compared to the experience and recommendation sub-dimension, as the results suggest a significantly higher level of importance attached to the relationship compared to the experience and recommendation in both countries.

7- The brand has the potential to play a crucial role in marketing financial service to small business customers, as the results of this research show a high level of importance attached to the criteria mainly judged after purchase, which raises the importance of the brand in signalling information about these criteria.

8- The positioning strategy in both countries should put more emphasis on the brand items compared to the non-brand items of selection criteria, as the results suggest a significantly higher level of importance attached to the brand items compared to the non-brand items in both countries.

9- Table (10.1) summarise the implications for positioning strategy of the differences between both countries on the dimensions and sub-dimensions of the conceptual framework of bank selection criteria.

Table (10.1) Differences and similarities between Egypt and the UK on dimensions of selection criteria

Dimension	Egypt*	UK
- Quality	+	
- Interaction	=	=
- Non-financial	+	
- Financial	=	=
- Hard	+	
- Soft	+	
- Extra	=	=
- Relationship	=	=
- Experience		+
- Brand	+	
-Non-brand	=	=

The previous table shows a number of important managerial implications for the positioning strategy, but it should be emphasised that the overall results suggests a high degree of similarities between the two countries regarding of the minor differences between them:

a- Positioning strategy in Egypt should put more emphasis on quality dimension, non-financial items, hard items, soft items and brand items compared to the positioning strategy in the UK.

b- The positioning strategy in the UK should put more emphasis on recommendation and experience compared to the positioning strategy in Egypt.

c- Equal emphasis could be placed on interaction, financial items, extra items, relationship items and non-brand items in both countries.

10- For the positioning strategy in both countries, customers who use credit (have a loan or an overdraft) are not more interested in financial items than non-users of credit, which suggests no need to distinguish between the two groups.

11- Neither the form of business organisation, nor the activity, the, age of the business or even the performance expectation of the business has any effect on the bank selection decision in both countries, which in turn means that these company-related characteristics should not have any impact on the positioning strategy.

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* The dimension is significantly more important in this country (+), the dimension is equally important in both countries (=)

12- In the UK small businesses companies, which do business on an international level attach more importance to the criteria of size of the bank and being a global bank, which in turn should be reflected in the positioning strategy directed to this segment (i.e. give it more emphasis). While in Egypt these criteria do not enjoy a significantly higher level of importance in the selection criteria.

13- Level of education and age of the businessman/woman should not have any impact on the positioning strategy adopted by the bank operating in any of the two countries, as the results suggest no significant effect of these personal-related characteristics on the decision of bank selection, which in turn means no effect on the positioning strategy.

14- In the UK, businesswomen do attach a significantly higher level of importance to the selection criteria compared to the businessmen, which could be reflected on the positioning strategy directed to them if it proved it worth doing it. This is not the case in Egypt, as gender does not seem to have any impact on the selection criteria.

15- The results suggest that the Egyptian small businesses split their banks significantly more than the UK small businesses. This produces an opportunity for banks operating in Egypt, as it may be much easier for them to attract small business customers to deal with the bank.

16- The positioning strategy in Egypt should give more attention for financing the international trade (letter of credit and documentary credit) compared to the positioning strategy in the UK, as the results suggest that the small businesses in Egypt significantly use these services more than the UK small businesses. But this should not be a problem for the banks planning to work in the Egyptian markets, as by definition they will be big banks, which will facilitate the use of the international trade instruments.

17- The positioning strategy in the UK should give more attention to the services of overdrafts, loans and cards compared to the positioning strategy in Egypt, as the results suggest that the UK small business customers significantly use these services more than their Egyptian counterparts. It should be noted that the limited use of these services in Egypt might be attributed in a large part to the marketing inefficiency of the Egyptian banks, rather than the limited need of the customers, which in turn might create an opportunity for banks working in Egypt to increase the emphasis on these services, but this needs further study.

18- The argument about a degree of similarities and at the same time differences between pre- and post-purchase criteria is supported in this research. As the results of the cross grouping of cluster analysis solution of both the selection criteria and switching criteria show a degree of both similarities and differences at the same time.

19- The positioning strategy in Egypt should put more emphasis on two factors which rated high as switching reasons(namely reliability problems and competitors' action), as the results suggest that the Egyptian small business customers give a higher rating to these criteria as reasons for switching banks compared to the UK small business customers. This result especially the higher rating of competitors' actions gives more opportunity for banks operating in the Egyptian market to give more emphasis to their marketing and promotional programs as it is proposed to be rewarding actions (as it could result in attracting other banks customers).

20- The cluster analysis results suggest that similar segments of the small business customers with similar preferences of selection criteria and with similar reasons of switching banks could be identified in Egypt and the UK. This give more support to the argument that similar positioning strategies could be applied on small business customers in the two countries apart from their differences, which might suggest the possibility of applying similar positioning strategies universally.

10.5 Limitations and Directions for Further Research

Most of social science research is working according to certain assumptions and affected by a number of limitations because things are not always achieved ideally. The limitations of this research could be summarised in the following points.

1- A data set about new small business companies with the intention of opening a bank account in the very near future (the ideal unit of analysis) was unavailable in Egypt. Such unavailability forced the research to use the companies actually trading in the market as the research population.

2- The research only investigated pre-purchase criteria and not post–purchase criteria in an attempt to minimise the confusion effect of investigating both pre- and post- at the same time after purchasing (Gardial et al, 1994).

3- Islamic bank customers had to be excluded from the research population in Egypt, as it is argued that those who chose Islamic banks have different selection decision rule compared to those who chose to deal with conventional banks (Engel et al, 1995). The Islamic banks share of the total financial market size is very small compared to the conventional banks (Naser and Moutinho 1997; Metawa and Almossawi 1998; Hassan 1999), and it is not appropriate to use a sample that contains a highly dissimilar units (Malhotra et al, 1996).

4- In Egypt the sample was drawn only from Greater Cairo (the capital) as in other cities the decision of bank selection might not exist in the first place, since only one bank might be available. So there is no selection decision to take, which will result in construct inequivalence if companies from such cities are included in the sample.

5- Although similarities could be found between Egypt and other countries on one hand and between the UK and other countries on the other hand, but the results of this research could only be safely generalised to small business customers in the UK and in Greater Cairo in Egypt.

6- This research emphasises the customers' point of view, while it ignored the banks' point on view of the issue regardless of its importance. This point of view needs to be emphasised in further research.

In conducting this research a number of areas were identified for further research. These areas include:

1- A cross-sectional qualitative study of both pre- and post-purchase criteria for financial services' customers to determine the similarities and differences between those criteria.

2- A longitudinal study of both the pre- and post-purchase criteria in order to gain more insights to the changes happening to these criteria over time.

3- Studying the proposed framework in new countries, in order to validate the framework and get further insights into the extent to which it could be generalised (culturally- free).

4- Studying other banks' customers (retail and large corporation) as well as other financial services' organisations (insurance companies and financial brokerage) in order to develop a framework that represents the selection criteria for financial service organisations more generally.

5- Studying the similarities and differences in the post-purchase criteria on financial service customers in a cross-national way, in order to understand the possibility of applying similar positioning strategies (related to the second stage of positioning).

6- Finally studying the positioning process from the banks' point of view, which should add to the understanding of the issue, in addition to the customers' point of view and it might be cross-national as well.

In conclusion this research makes a positive contribution in the direction of better cross-national understanding of the financial services' small business customers, which tried to overcome the limitations it faced with the most methodological sound procedures and it should be followed by other steps in the same direction. It is hoped that this research will encourage other researchers to engage in more cross-national research in a hope of better understanding of different phenomenon, as both the need and the scarcity of this type of research is well acknowledged.

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Appendixes

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┌───────────────────────────────────┐
│                                   │
│   Selecting a Bank for Your       │
│   Business                        │
│                                   │
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Business School

Jubilee Campus
Wollaton Road
Nottingham
NG8 1BB .
Tel: +44 (0) 115 846 6666
Fax: +44 (0) 115 846 6667
http://www.nottingham.ac.uk/unbs

Dear Senior Executive

I am currently researching for a Ph.D. at The University of Nottingham Business School and my work is concerned with understanding how business customers select their banks and how the quality of bank services offered to business customers may be improved.

I would be grateful if you could spare around 15 minutes to complete the enclosed questionnaire, which has been sent to a random sample of UK small and medium size businesses. Please return this questionnaire as soon as possible in the pre-paid reply envelope provided. All the information will be treated in confidence and anonymity of respondents is guaranteed.

If you have any queries please do not hesitate to contact myself (0115 9515495) or my supervisors Professor Christine Ennew (0115 9515259) and Ms Sally McKechnie (0115 9515491)

Thank you very much for your help

Look forward to hearing from you

Yours sincerely

Ehab A. Aw

Ehab AbouAish

Ph.D. Student

Please answer all of the following questions. If you would like to make any further comments regarding this questionnaire please do so at the end. Thank you for your valuable help.

Part I: About Your Relationship with Your Bank(s)

Q1- *How many banks does your company do business with?* (Please tick one)

☐ One   ☐ Two   ☐ Three or more

Q2- *What are the reasons for dealing with your current main bank (i.e. the bank where you do most of your banking)?* Please circle the numbers that reflects the relative importance of each reason from a scale that ranges from 1 (Not at all Important) to 7 (Extremely Important).

Reasons	Not at all Important			Neutral		Extremely Important	
1- Convenient location	1	2	3	4	5	6	7
2- Low charges on services	1	2	3	4	5	6	7
3- Availability of a wide range of services	1	2	3	4	5	6	7
4- Availability of credit	1	2	3	4	5	6	7
5- Speedy services	1	2	3	4	5	6	7
6- Accurate services	1	2	3	4	5	6	7
7- Bank's understanding of the nature of your industry and business	1	2	3	4	5	6	7
8- Reputation of the bank	1	2	3	4	5	6	7
9- Helpful, polite and courteous staff	1	2	3	4	5	6	7
10- Other (please specify)							

Q3- *If your company is currently doing business with a second bank, what are the reasons for dealing with it?* (Please circle the numbers that reflects the relative importance of each reason)

Reasons	Not at all Important			Neutral		Extremely Important	
1- More convenient location	1	2	3	4	5	6	7
2- Lower charges on certain services	1	2	3	4	5	6	7
3- Availability of more services	1	2	3	4	5	6	7
4- Availability of credit	1	2	3	4	5	6	7
5- Faster performance of certain services	1	2	3	4	5	6	7
6- Greater accuracy on certain services	1	2	3	4	5	6	7
7- Better understanding of the nature of your industry and business	1	2	3	4	5	6	7
8- Reputation of the bank	1	2	3	4	5	6	7
9- More helpful, polite and courteous staff	1	2	3	4	5	6	7
10- Other (please specify)							

Q4- *How long has your company had its accounts with its main bank?* (Please tick one)

☐ Less than One Year   ☐ 1 to less than 2 Years

☐ 2 to less than 3 Years   ☐ 3 to less than 4 Years

☐ 4 Years and above

Q5- *Has your company changed its main bank during the last two years?* (Please tick one)

☐ Never   ☐ Once   ☐ Twice

☐ 3 Times   ☐ 4 times or more

Q6- *Which services does your company currently use from its main bank?* (Please tick all that apply)

☐ Current accounts   ☐ Loans (short, medium and long-term)   ☐ Overdraft

☐ Letters of credit (guarantee)   ☐ Documentary credit   ☐ Deposits

☐ Money transfer   ☐ Foreign exchange   ☐ Credit cards

☐ Other (please specify)..

Q7- *If your company is currently doing business with a second bank, which services does your company currently use from this second bank?* (Please tick all that apply)

☐ Current accounts   ☐ Loans (short, medium and long-term)   ☐ Overdraft

☐ Letters of credit (guarantee)   ☐ Documentary credit   ☐ Deposits

☐ Money transfer   ☐ Foreign exchange   ☐ Credit cards

☐ Other (please specify)..

Q8- *Which of the following methods do you use to contact your main bank for conducting banking transactions?* (Please tick all that apply)

☐ Visiting the branch   ☐ By phone and (or) fax   ☐ Through the Internet

Q9- *On average how many times do you see your main bank account manager each year?*

☐ Never   ☐ 1 or 2 times a year   ☐ 3 or 4 times a year

☐ 5 or 6 times a year   ☐ 7 or 8 times a year   ☐ 9 times or more a year

Q10- *If your company were going to change its main bank and choose a new one now, how important or unimportant would each of the following criteria be in this decision.* (Please choose from a scale that ranges from 1 [Not at all Important] to 7 [Extremely Important]).

Criteria	Not at all Important		Neutral			Extremely Important	
1- Low fees, charges and commissions	1	2	3	4	5	6	7
2- Competitive debit and credit interest rates	1	2	3	4	5	6	7
3- Credit availability	1	2	3	4	5	6	7
4- Accuracy	1	2	3	4	5	6	7
5- Confidentiality	1	2	3	4	5	6	7
6- Speedy services and doing it right from the first time	1	2	3	4	5	6	7
7- Staff who are courteous, friendly and helpful	1	2	3	4	5	6	7
8- Staff who are knowledgeable, skilful and trustworthy	1	2	3	4	5	6	7
9- Staff who understand your business and industry	1	2	3	4	5	6	7
10- Getting on well with your proposed account manager	1	2	3	4	5	6	7
11- Clear communication from the bank to its customers	1	2	3	4	5	6	7
12- Modern looking equipment and visually appealing facilities	1	2	3	4	5	6	7
13- Visually appealing associated materials (cheque book, cards ...etc.)	1	2	3	4	5	6	7
14- Convenient bank location	1	2	3	4	5	6	7
15- Availability of Internet banking services	1	2	3	4	5	6	7
16- Availability of full and modern range of services	1	2	3	4	5	6	7
17- Existence of a bank officer responsible for all your company banking operations	1	2	3	4	5	6	7
18- Good complaint handling	1	2	3	4	5	6	7
19- Large size of the bank assets	1	2	3	4	5	6	7
20- Being a global bank	1	2	3	4	5	6	7
21- The bank provides its customers with useful business related information	1	2	3	4	5	6	7
22- The reputation of the bank	1	2	3	4	5	6	7
23- The bank supports customers experiencing difficult business conditions	1	2	3	4	5	6	7
24- The bank has a long term commitment to its customers	1	2	3	4	5	6	7
25- Recommendation by others	1	2	3	4	5	6	7
26- Previous experience in dealing with this bank	1	2	3	4	5	6	7
27- Other (please specify)							

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Q11- *For each of the following factors, please indicate the extent to which you believe that they are similar or dissimilar between different UK banks' offers* (Please choose from a scale that ranges from 1 [Extremely Similar] to 7 [Extremely Dissimilar]).

Criteria	Extremely Similar			Neutral			Extremely Dissimilar
1- Fees, charges and commissions	1	2	3	4	5	6	7
2- Debit and credit interest rates	1	2	3	4	5	6	7
3- Credit availability	1	2	3	4	5	6	7
4- Accuracy	1	2	3	4	5	6	7
5- Confidentiality	1	2	3	4	5	6	7
6- Speedy services and doing it right from the first time	1	2	3	4	5	6	7
7- Staff who are courteous, friendly and helpful	1	2	3	4	5	6	7
8- Staff who are knowledgeable, skilful and trustworthy	1	2	3	4	5	6	7
9- Staff who understand your business and industry	1	2	3	4	5	6	7
10- Getting on well with your proposed account manager	1	2	3	4	5	6	7
11- Clear communication from the bank to its customers	1	2	3	4	5	6	7
12- Modern looking equipment and visually appealing facilities	1	2	3	4	5	6	7
13- Visually appealing associated materials (cheque book, cards ...etc.)	1	2	3	4	5	6	7
14- Convenient bank location	1	2	3	4	5	6	7
15- Availability of Internet banking services	1	2	3	4	5	6	7
16- Availability of full and modern range of services	1	2	3	4	5	6	7
17- Existence of a bank officer responsible for all your company banking operations	1	2	3	4	5	6	7
18- Complaint handling	1	2	3	4	5	6	7
19- Size of the bank assets	1	2	3	4	5	6	7
20- Being a global bank	1	2	3	4	5	6	7
21- The bank provides its customers with useful business related information	1	2	3	4	5	6	7
22- The reputation of the bank	1	2	3	4	5	6	7
23- The bank supports customers experiencing difficult business conditions	1	2	3	4	5	6	7
24- The bank has a long term commitment to its customers	1	2	3	4	5	6	7
25- Other (please specify)							

Q12- *Please indicate the relative importance you attach to the following factors when selecting a bank* (Please circle the appropriate answers from a scale that ranges from 1 [Not at all Important] to 7 [Extremely Important]).

Criteria	Not at all Important		Neutral				Extremely Important
1- Features of the service(s) itself	1	2	3	4	5	6	7
2- The way services are delivered	1	2	3	4	5	6	7
3- The reputation of the bank	1	2	3	4	5	6	7
4- A good working relationship with the bank staff	1	2	3	4	5	6	7
5- Commitment and support of the bank management	1	2	3	4	5	6	7
6- Recommendation of others	1	2	3	4	5	6	7
7- Previous experience with the bank	1	2	3	4	5	6	7

Q13- *For each of the following aspects of a bank's service offer, please indicate what level of provision would you consider satisfactory by selecting* from a scale that ranges from Zero (Very Poor) to 10 (Excellent). For example if you would be satisfied with a moderate reputation tick 5.

Criteria	Very Poor				Moderate					Excellent	
1- Features of the service(s) itself	0	1	2	3	4	5	6	7	8	9	10
2- The way services are delivered	0	1	2	3	4	5	6	7	8	9	10
3- The reputation of the bank	0	1	2	3	4	5	6	7	8	9	10
4- A good working relationship with bank staff	0	1	2	3	4	5	6	7	8	9	10
5- Commitment and support of the bank's management	0	1	2	3	4	5	6	7	8	9	10
6- Recommendation by others	0	1	2	3	4	5	6	7	8	9	10
7- Previous experience with the bank	0	1	2	3	4	5	6	7	8	9	10

Part III: About Your Attitude Towards Your Bank

Q14- *Please indicate the extent to which you currently agree or disagree with the following statements regarding your main bank* (Please circle the appropriate answers that ranges from 1 [Strongly Disagree] to 7 [Strongly Agree]).

Statements	Strongly Disagree			Neutral			Strongly Agree
1- We will continue doing business with our main bank	1	2	3	4	5	6	7
2- In general we are totally satisfied with our main bank	1	2	3	4	5	6	7
3- In general I consider our bank's services excellent	1	2	3	4	5	6	7
4- I would speak positively about our main bank	1	2	3	4	5	6	7
5- I would recommend our main bank to other businesses	1	2	3	4	5	6	7

Q15- *Please indicate the extent to which you think that any of the following reasons would get you to change your bank.* (Please circle the appropriate answers that ranges from 1 [Not at all] to 7 [very much])

Criteria	Not at all		Neutral				Very Much
1- Increases in fees, charges, and commissions	1	2	3	4	5	6	7
2- Refusal of credit grant or credit extension	1	2	3	4	5	6	7
3- The bank services become slower	1	2	3	4	5	6	7
4- Decrease in the level of staff courtesy and friendliness	1	2	3	4	5	6	7
5- Closure of the local branch	1	2	3	4	5	6	7
6- Replacing the key contact officer with another one who is difficult to do business with	1	2	3	4	5	6	7
7- Decrease in the range of services offered	1	2	3	4	5	6	7
8- Negative comments by others	1	2	3	4	5	6	7
9- Bank failure to support the business in difficult times	1	2	3	4	5	6	7
10- Decrease in the level of accuracy	1	2	3	4	5	6	7
11- Accumulation of lots of minor problems	1	2	3	4	5	6	7
12- Good advertising by another bank	1	2	3	4	5	6	7
13- Positive recommendation by others about the quality of another bank	1	2	3	4	5	6	7
14- Being approached by another bank that offers better services	1	2	3	4	5	6	7
15- Other (please specify)							

Part IV About You and Your Company

Q16- *Please tick the appropriate answers*

1- Your gender

☐ Male   ☐ Female

2- Your highest education level

☐ Postgraduate degree   ☐ Undergraduate degree   ☐ Other higher education (HNO/ HNC)

☐ Further education   ☐ GCSE/ O-level/ A-level

3- Your age

☐ Less than 30 Years   ☐ 30 to less than 40 Years

☐ 40 to less than 50 Years   ☐ 50 to less than 60 Years   ☐ 60 Years and over

4- *What is your company's form of business organisation?*

☐ Sole Proprietorship

☐ Partnership/ Joint Proprietorship

☐ Limited liability Company

☐ Other (please specify)................

5- *What is your company's main business activity?*

☐ Manufacturing ☐ Construction ☐ Retail and commerce

☐ Services ☐ Professions ☐ Other (please specify)................

6- *How many people does your company employ?*

☐ 10 to less than 20 ☐ 20 to less than 30

☐ 30 to less than 40 ☐ 40 to less than 50

7- *How long has your company been trading?*

☐ Less than 2 Years ☐ 2 to less than 4 Years ☐ 4 to less than 6 Years

☐ 6 to less than 8 Years ☐ 8 Years or More

8- *What market does your company serve?*

☐ Only the Local and National Market ☐ Only the International Market

☐ Local, National and International Markets

9- *Over the last year, how would you describe the performance of your company?*

☐ Declined by 5% or more ☐ Declined by less than 5% ☐ No change

☐ Grew by less than 5% ☐ Grew by 5% or more

10- *How do you think your company will perform next year?*

☐ Decline by 5% or more ☐ Decline by less than 5% ☐ No change

☐ Grow by less than 5% ☐ Grow by 5% or more

11- *What is your position in the company?*

☐ Owner ☐ One of the Managers ☐ Other (please specify)..............

If you would like to make any further comments, please do so below.

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....

....

Thank you very much for your co-operation

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Business School

Jubilee Campus
Wollaton Road
Nottingham
NG8 1BB
Tel: +44 (0) 115 846 6666
Fax: +44 (0) 115 846 6667
http://www.nottingham.ac.uk/unbs

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استقصاء خاص بموضوع معايير اختيار الشركات للبنوك التي تتعامل معها

عناية مدير الشركة

تحيه طيبه وبعد

رغم ما لديكم من مشاغل كثيرة وأعمال متعددة فإنني أرجو من سعادتكم التكرم باقتطاع حوالي عشرين دقيقة من وقتكم الثمين لملئ هذا الاستقصاء المرفق، والذي يعتبر جزء هام من دراستي لنيل درجة الدكتوراه في التسويق من جامعة نوتنجهام في المملكة المتحدة .

هذا البحث يسعى إلى دراسة العوامل المؤثرة على قرار اختيار الشركات للبنوك التي تتعامل معها، حتى تتمكن البنوك من تقديم خدمات افضل لعملائها.

أود أن أؤكد لسيادتكم أن جميع المعلومات المطلوبة في هذا الاستقصاء هي لأغراض البحث العلمي فقط وسوف تعامل بأمانة علميه وسرية تامة .

شاكرا لكم تعاونكم ...

الباحث

ايهاب محمد ابوعيش

مبعوث كلية التجارة – جامعة القاهرة إلى:

The University of Nottingham Business School

</div>

برجاء محاولة الإجابة على كل الأسئلة التالية وتدوين آي تعليق أو ملاحظة في نهاية هذا الاستقصاء، وشكرا على معاونتكم القيمة.

القسم الأول: عن علاقتكم بالبنك (البنوك)

١- ما هو عدد البنوك التي تتعامل معها شركتكم؟ (برجاء وضع علامة √ أمام أحد الإجابات التالية)

☐ واحد   ☐ أثنين   ☐ ثلاثة أو أكثر

٢ — ما هي أسباب تعاملكم مع بنككم الأساسي (البنك الذي ينفذ غالبية عملياتكم المصرفية)؟ برجاء وضع دائرة حول الرقم المناسب والذي يعكس أهمية / عدم أهمية كل سبب من وجهة نظركم من أحد درجات المقياس الذي يبدأ من ١ (غير مهم على الإطلاق) وينتهي بـ ٧ (مهم جدا)

مهم جداً			غير متأكد			غير مهم على الإطلاق	الأسباب
٧	٦	٥	٤	٣	٢	١	1- قرب وسهولة الوصول لموقع البنك
٧	٦	٥	٤	٣	٢	١	2- انخفاض تكلفة الخدمات
٧	٦	٥	٤	٣	٢	١	3- توافر خدمات متنوعة
٧	٦	٥	٤	٣	٢	١	4- توافر الائتمان (القروض، الاعتمادات، خطابات الضمان)
٧	٦	٥	٤	٣	٢	١	5- سرعة الخدمة
٧	٦	٥	٤	٣	٢	١	6- دقة الخدمة
٧	٦	٥	٤	٣	٢	١	7- تفهم البنك لطبيعة الشركة ومجال عملها
٧	٦	٥	٤	٣	٢	١	8- سمعة وشعبية البنك
٧	٦	٥	٤	٣	٢	١	9- تحلي موظفي البنك بالأدب واللبق والتعاون
							10- أخرى من فضلك حددها ....

٣ - إذا كانت شركتكم في الوقت الحالي تتعامل مع بنك ثاني , ما هي أسباب التعامل معه؟ (برجاء وضع دائرة حول الرقم المناسب الذي يعكس أهمية / عدم أهمية كل سبب من وجهة نظركم)

مهم جداً			غير متأكد			غير مهم على الإطلاق	الأسباب
٧	٦	٥	٤	٣	٢	١	1- قرب وسهولة الوصول لموقع البنك بدرجة أكبر
٧	٦	٥	٤	٣	٢	١	2- انخفاض تكلفة خدمات معينة
٧	٦	٥	٤	٣	٢	١	3- توافر تشكيلة أكبر من الخدمات
٧	٦	٥	٤	٣	٢	١	4- توافر الائتمان
٧	٦	٥	٤	٣	٢	١	5- أداء أسرع لخدمات معينة
٧	٦	٥	٤	٣	٢	١	6- دقة أعلى لخدمات معينة
٧	٦	٥	٤	٣	٢	١	7- تفهم البنك أكثر لطبيعة الشركة ومجال عملها
٧	٦	٥	٤	٣	٢	١	8- سمعة وشعبية البنك
٧	٦	٥	٤	٣	٢	١	9- تحلي موظفي البنك بالأدب واللبق والتعاون بدرجة أكبر
							10- أخرى من فضلك حددها ....

1

٤ – ما هي عدد السنوات التي تعاملت فيها شركتكم مع بنكها الأساسي ؟ (ضع علامة √ أمام أحد الإجابات التالية)

☐ أقل من سنه ☐ من١ إلى أقل من ٢ سنة ☐ من ٢ إلى أقل من ٣ سنوات

☐ من ٣ إلى أقل من ٤ سنوات ☐ ٤ سنوات فاكثر

٥ – هل قامت شركتكم بتغيير بنكها الأساسي خلال آخر عامين ؟ (ضع علامة √ عند أحد الإجابات التالية)

☐ مرتين ☐ مرة واحدة ☐ مطلقا

☐ ٤ مرات أو اكثر ☐ ٣ مرات

٦ – ما هي الخدمات البنكية التي تستخدمها شركتكم في الوقت الحالي من بنكها الأساسي ؟ (ضع علامة √ أمام كل ما ينطبق عليكم)

☐ قروض (قصيرة / متوسطة / طويلة) ☐ سحب على المكشوف ☐ حسابات جارية

☐ ودائع ☐ اعتمادات مستنديه ☐ خطابات ضمان

☐ بطاقات ائتمان ☐ تغير عملة ☐ تحويل أموال

☐ أخرى من فضلك حددها ....

٧ – إذا كانت شركتكم في الوقت الحالي تتعامل مع بنك ثاني , ما هي الخدمات البنكية التي تستخدمها من هذا البنك الثاني ؟ (ضع علامة √ أمام كل ما ينطبق عليكم)

☐ قروض (قصيرة / متوسطة / طويلة) ☐ سحب على المكشوف ☐ حسابات جارية

☐ ودائع ☐ اعتمادات مستنديه ☐ خطابات ضمان

☐ بطاقات ائتمان ☐ تغير عملة ☐ تحويل أموال

☐ أخرى من فضلك حددها ....

٨ – ما هو أسلوب اتصالكم ببنككم الأساسي لإتمام المعاملات البنكية ؟ (ضع علامة √ أمام كل ما ينطبق عليكم)

☐ من خلال التليفون أو الفاكس ☐ الذهاب شخصيا للفرع

☐ من خلال شبكة الإنترنت على الكمبيوتر

٩ – في المتوسط ما هي عدد المرات التي تقابل فيها مع المسئولين عن حساباتكم ببنككم الأساسي شهريا ؟ (ضع علامة √ أمام أحد الإجابات التالية)

☐ ٣ أو ٤ مرة شهريا ☐ ١ أو ٢ مرة شهريا ☐ مطلقا

☐ ٧ مرات شهريا فاكثر ☐ ٥ أو ٦ مرة شهريا

١٠- إذا كانت شركتكم بصدد اختيار بنك أساسي جديد لها في الوقت الحالي , من فضلك ضع دائرة حول الرقم المناسب والذي يعكس أهمية/ عدم أهمية كل من العوامل التالية في مثل هذا القرار من أحد درجات المقياس الذي يبدأ من ١ (غير مهم على الإطلاق) وينتهي بــ ٧ (مهم جدا)

مهم جداً		غير متأكد		غير مهم على الإطلاق		العوامل
٧	٦	٥	٤	٣	٢	١	1- انخفاض المصروفات والأعباء والعمولات
٧	٦	٥	٤	٣	٢	١	2- ملائمة أسعار الفائدة الدائنة والمدينة
٧	٦	٥	٤	٣	٢	١	3- توافر الائتمان (القروض، الاعتمادات، خطابات الضمان)
٧	٦	٥	٤	٣	٢	١	4- الدقة
٧	٦	٥	٤	٣	٢	١	5- السرية
٧	٦	٥	٤	٣	٢	١	6- سرعة أداء الخدمة بطريقة صحيحه من أول مرة
٧	٦	٥	٤	٣	٢	١	7- تحلى موظفي البنك بالأدب واللطف وروح المساعدة
٧	٦	٥	٤	٣	٢	١	8- تفهم موظفي البنك لطبيعة الشركة ومجال عملها
٧	٦	٥	٤	٣	٢	١	9- موظفي البنك ذوي مهارات مرتفعة ويمكن الثقة فيهم
٧	٦	٥	٤	٣	٢	١	10- التأقلم (الأرياح) النفسي للمسئول عن حسابات الشركة بالبنك
٧	٦	٥	٤	٣	٢	١	11- توافر اتصالات ومراسلات واضحة من البنك لعملائه
٧	٦	٥	٤	٣	٢	١	12- أجهزة البنك حديثه المظهر وديكوراته جذابة
٧	٦	٥	٤	٣	٢	١	13- المظهر الجذاب لدفاتر الشيكات وكروت الائتمان
٧	٦	٥	٤	٣	٢	١	14- قرب وسهولة الوصول لموقع البنك
٧	٦	٥	٤	٣	٢	١	15- توافر خدمات البنك على شبكة الإنترنت بالكمبيوتر
٧	٦	٥	٤	٣	٢	١	16- توافر تشكيله كاملة وحديثة من الخدمات
٧	٦	٥	٤	٣	٢	١	17- وجود مسئول مختص من البنك لمتابعة كافة أعمال الشركة التكية
٧	٦	٥	٤	٣	٢	١	18- التعامل مع الشكاوى بشكل جيد
٧	٦	٥	٤	٣	٢	١	19- كبر حجم أصول البنك
٧	٦	٥	٤	٣	٢	١	20- أن يكون بنك عالمي فروعة منتشرة دوليا
٧	٦	٥	٤	٣	٢	١	21- أن يمد البنك عملاءه بمعلومات مفيدة ترتبط بمجال عملهم
٧	٦	٥	٤	٣	٢	١	22- سمعة وشعبية البنك
٧	٦	٥	٤	٣	٢	١	23- أن يدعم البنك عملاءه في ظروف العمل الصعبة لمشروعاتهم
٧	٦	٥	٤	٣	٢	١	24- أن يكون لدى البنك التزام طويل الأجل تجاه عملائه
٧	٦	٥	٤	٣	٢	١	25- التوصية من الآخرين
٧	٦	٥	٤	٣	٢	١	26- توافر خبرة سابقة في التعامل مع هذا البنك
							27- أخرى من فضلك حددها ....

١١ – من فضلك حدد رأيك في مدى تشابه أو اختلاف العوامل التالية فيما بين البنوك العاملة في السوق المصرفي المصري وذلك بوضع دائرة حول الرقم المناسب من المقياس الذي يبدأ من ١ (متشابه تماماً) وينتهي بــ ٧ (مختلف تماماً)

مختلف تماماً		غير متأكد			متشابه تماماً		العوامل
٧	٦	٥	٤	٣	٢	١	١- المصروفات والأعباء والعمولات
٧	٦	٥	٤	٣	٢	١	٢- أسعار الفائدة الدائنة والمدينة
٧	٦	٥	٤	٣	٢	١	٣- توافر الائتمان (القروض، الاعتمادات، خطابات الضمان)
٧	٦	٥	٤	٣	٢	١	٤- الدقة
٧	٦	٥	٤	٣	٢	١	٥- السرية
٧	٦	٥	٤	٣	٢	١	٦- سرعة أداء الخدمة بطريقة صحيحة من أول مرة
٧	٦	٥	٤	٣	٢	١	٧- تحلي موظفي البنك بالأدب والذوق وروح المساعدة
٧	٦	٥	٤	٣	٢	١	٨- تفهم موظفي البنك لطبيعة الشركة ومجال عملها
٧	٦	٥	٤	٣	٢	١	٩- موظفي البنك ذوى مهارات مرتفعة ويمكن الثقة فيهم
٧	٦	٥	٤	٣	٢	١	١٠- التأقلم (الارتياح) النفسي للمسئول عن حسابات الشركة بالبنك
٧	٦	٥	٤	٣	٢	١	١١- توافر اتصالات ومراسلات واضحة من البنك لعملائه
٧	٦	٥	٤	٣	٢	١	١٢- أجهزة البنك حديثة المظهر وديكوراته جذابة
٧	٦	٥	٤	٣	٢	١	١٣- المظهر الجذاب لدفاتر الشيكات وكروت الائتمان
٧	٦	٥	٤	٣	٢	١	١٤- قرب وسهولة الوصول لموقع البنك
٧	٦	٥	٤	٣	٢	١	١٥- توافر خدمات البنك على شبكة الإنترنت بالكمبيوتر
٧	٦	٥	٤	٣	٢	١	١٦- توافر تشكيلة كاملة وحديثة من الخدمات
٧	٦	٥	٤	٣	٢	١	١٧- وجود مسئول مختص من البنك لمتابعة كافة أعمال الشركة بالبنك
٧	٦	٥	٤	٣	٢	١	١٨- التعامل مع الشكاوى
٧	٦	٥	٤	٣	٢	١	١٩- حجم أصول البنك
٧	٦	٥	٤	٣	٢	١	٢٠- أن يكون بنك عالمي فروعه منتشرة دوليا
٧	٦	٥	٤	٣	٢	١	٢١- أن يمد البنك عملائه بمعلومات مفيدة ترتبط بمجال عملهم
٧	٦	٥	٤	٣	٢	١	٢٢- سمعة وشعبية البنك
٧	٦	٥	٤	٣	٢	١	٢٣- أن يدعم البنك عملائه في ظروف العمل الصعبة لمشروعاتهم
٧	٦	٥	٤	٣	٢	١	٢٤- أن يكون لدى البنك التزام طويل الأجل تجاه عملائه
							٢٥- أخرى من فضلك حددها ....

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١٢ – الرجاء تحديد درجة أهمية/ عدم أهمية المعايير التالية من وجهة نظركم عند اتخاذ قرار اختيار البنك. (برجاء وضع دائرة حول الرقم المناسب)

المعايير	غير مهم على الإطلاق			غير متأكد			مهم جداً
1- جودة الخدمة المصرفية ذاتها	١	٢	٣	٤	٥	٦	٧
2- الكيفية التي يتم بها تقديم الخدمة	١	٢	٣	٤	٥	٦	٧
3- سمعة وشهرة البنك	١	٢	٣	٤	٥	٦	٧
4- العلاقات الطيبة مع العاملين بالبنك	١	٢	٣	٤	٥	٦	٧
5- دعم ومساندة إدارة البنك لكم	١	٢	٣	٤	٥	٦	٧
6- التوصية من الآخرين	١	٢	٣	٤	٥	٦	٧
7- الخبرة السابقة لكم مع البنك	١	٢	٣	٤	٥	٦	٧

١٣ – برجاء تحديد المستوى المرضي من وجهة نظركم لكل من المعايير التالية التي تتعلق بقرار اختياركم للبنك . وذلك بإعطاء درجة تتراوح من صفر (منخفض جداً) إلى ١٠ (ممتاز) وذلك حتى يتم اعتبار هذا المعيار في مستوى مرضي من وجهة نظرك.

المعايير	منخفض جداً				غير متأكد					ممتاز
1- جودة الخدمة المصرفية ذاتها	٠	١	٢	٣	٤	٥	٦	٧	٨	٩	١٠
2- الكيفية التي يتم بها تقديم الخدمة	٠	١	٢	٣	٤	٥	٦	٧	٨	٩	١٠
3- سمعة وشهرة البنك	٠	١	٢	٣	٤	٥	٦	٧	٨	٩	١٠
4- العلاقات الطيبة مع العاملين بالبنك	٠	١	٢	٣	٤	٥	٦	٧	٨	٩	١٠
5- دعم ومساندة إدارة البنك لكم	٠	١	٢	٣	٤	٥	٦	٧	٨	٩	١٠
6- التوصية من الآخرين	٠	١	٢	٣	٤	٥	٦	٧	٨	٩	١٠
7- الخبرة السابقة لكم مع البنك	٠	١	٢	٣	٤	٥	٦	٧	٨	٩	١٠

القسم الثالث: عن اتجاهاتك تجاه بنكك

١٤ – من فضلك حدد مدى موافقتك أو عدم موافقتك في الوقت الحاضر على العبارات التالية والتي تتعلق ببنكك الأساسي (برجاء وضع دائرة حول الرقم المناسب)

العبارات	غير موافق على الإطلاق			غير متأكد			موافق بشدة
1- أنوي الاستمرار في التعامل مع بنكا الأساسي	١	٢	٣	٤	٥	٦	٧
2- عموماً أشعر بتمام الرضا عن بنكا الأساسي	١	٢	٣	٤	٥	٦	٧
3- عموماً فان جودة خدمات بنكا الأساسي ممتازة	١	٢	٣	٤	٥	٦	٧
4- سوف أتحدث بشكل جيد عن بنكا الأساسي	١	٢	٣	٤	٥	٦	٧
5- سوف أنصح الآخرين بالتعامل مع بنكا الأساسي	١	٢	٣	٤	٥	٦	٧

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١٥- برجاء تحديد إلى أي مدى تعتقد أن العوامل التالية يمكن أن تؤثر عليك وتجعلك تغير البنك الذي تتعامل معه. برجاء وضع
دائرة حول الرقم المناسب والذي يبدأ من ١ (لا تؤثر مطلقا) وينتهي بـ ٧ (تؤثر بشدة)

تؤثر بشدة		غير متأكد			لا تؤثر مطلقا	العوامل
٧	٦	٥	٤	٣	٢ ١	١- زيادة المصروفات والعمولات والأعباء البنكية
٧	٦	٥	٤	٣	٢ ١	٢- رفض البنك منحا اتمان/ زيادته/ تجديده
٧	٦	٥	٤	٣	٢ ١	٣- خدمة البنك تصبح أكثر بطئا
٧	٦	٥	٤	٣	٢ ١	٤- انخفاض مستوى التعامل الودي والذوق لدى العاملين بالبنك
٧	٦	٥	٤	٣	٢ ١	٥- تغير موقع البنك لمكان أبعد
٧	٦	٥	٤	٣	٢ ١	٦- استبدال المسئول في البنك عن حساباتنا شركتا بأخر يصعب التعامل معه
٧	٦	٥	٤	٣	٢ ١	٧- تخفيض بتشكيلة الخدمات المتاحة بالبنك
٧	٦	٥	٤	٣	٢ ١	٨- حديث الآخرين عن البنك بصورة سيئة
٧	٦	٥	٤	٣	٢ ١	٩- عدم دعم البنك لشركتا في ظل ظروف وفترات العمل الصعبة
٧	٦	٥	٤	٣	٢ ١	١٠- انخفاض مستوى دقة العمل بالبنك
٧	٦	٥	٤	٣	٢ ١	١١- تراكم العديد من المشاكل الصغيرة
٧	٦	٥	٤	٣	٢ ١	١٢- الإعلان بشكل جيد من جانب بنوك أخرى
٧	٦	٥	٤	٣	٢ ١	١٣- توصية إيجابية من الآخرين بشأن جودة العمل بنوك أخرى
٧	٦	٥	٤	٣	٢ ١	١٤- توافر عروض من بنوك أخرى تقدم الخدمات بصورة افضل
						١٥- أخرى من فضلك حددها ....

القسم الرابع: يتعلق بكم وبشركتكم

١٦- من فضلك اختار الإجابة الملائمة مما يلي بوضع علامة √ أمام كل ما ينطبق عليكم:

١- الجنس   ☐ ذكر   ☐ أنثى

٢- المؤهل الدراسي   ☐ دراسات عليا   ☐ بكالوريوس/ ليسانس
    ☐ دبلوم متوسط   ☐ أخرى

٣- السن   ☐ أقل من ٣٠ سنة   ☐ من ٣٠ إلى أقل من ٤٠ سنة
    ☐ من ٤٠ إلى أقل من ٥٠ سنة   ☐ من ٥٠ إلى أقل من ٦٠ سنة   ☐ ٦٠ سنة فاكثر

4- الشكل القانوني للشركة ☐ ملكية فردية ☐ شركة تضامن/ توصية

☐ شركة ذات مسئولية محدودة ☐ شركة مساهمة ☐ أخرى

5- النشاط الرئيسي للشركة ☐ تصنيع ☐ مقاولات ☐ تجارة

☐ خدمات ☐ مهني / حرفي ☐ أخرى، من فضلك اذكرها...............

6- أجمالي عدد العاملين في الشركة ☐ من ١٠ إلى أقل من ٢٠ فرد ☐ من ٢٠ إلى أقل من ٣٠ فرد

☐ من ٣٠ إلى أقل من ٤٠ فرد ☐ من ٤٠ إلى أقل من ٥٠ فرد

7- إن شركتكم تمارس عملها منذ ☐ أقل من ٢ سنة ☐ من ٢ إلى أقل من ٤ سنوات

☐ من ٤ إلى أقل من ٦ سنوات ☐ من ٦ إلى أقل من ٨ سنوات ☐ ٨ سنوات فأكثر

8- إن شركتكم تمارس عملها على مستوي ☐ السوق المحلى فقط ☐ السوق الدولي فقط

☐ السوقين المحلى والدولي

9- خلال السنة الماضية كيف تصف أداء شركتكم ؟

☐ انخفاض بنسبة ٥% فأكبر ☐ انخفاض بنسبة أقل من ٥% ☐ لا تغير

☐ نمو بنسبة أقل من ٥% ☐ نمو بنسبة اكثر من ٥%

10- ما هو توقعكم لمستوى أعمالكم في العام المقبل ؟

☐ انخفاض بنسبة ٥% فأكبر ☐ انخفاض بنسبة أقل من ٥% ☐ لا تغير
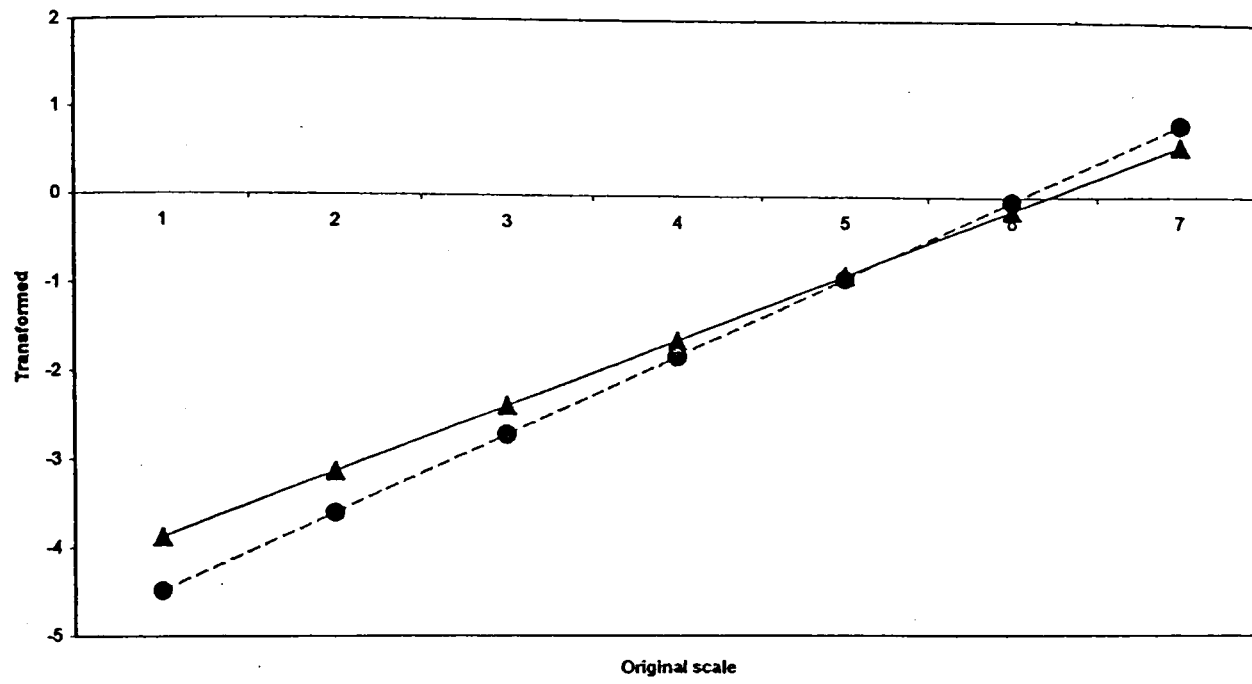
☐ نمو بنسبة أقل من ٥% ☐ نمو بنسبة اكثر من ٥%

11- ما هو مركزك الوظيفي في شركتكم ؟ ☐ المالك (أحد الملاك) ☐ أحد المديرين

☐ أخرى من فضلك اذكرها ....
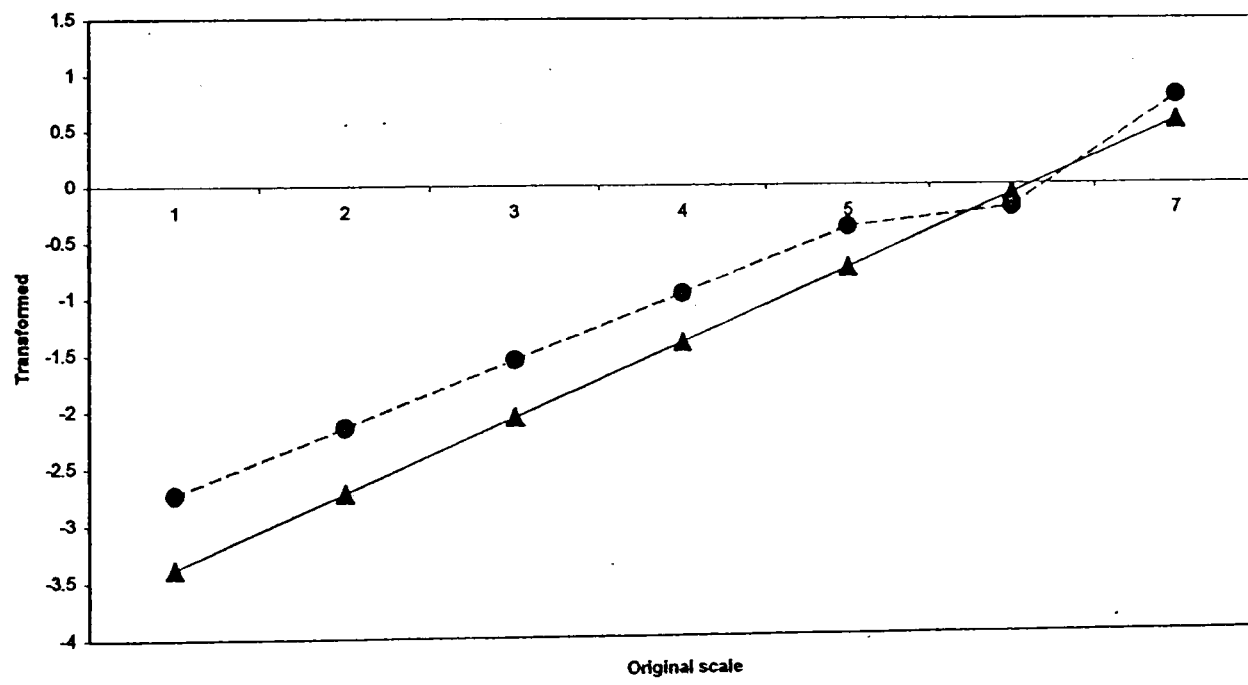
إذا كان لديكم أي تعليق أو ملاحظة برجاء تدوينها

مع خالص الشكر على حسن تعاونكم

Analysis of metric equivalence- Interest rates item

Original scale

Credit item

Original scale

Speedy services items

original scale
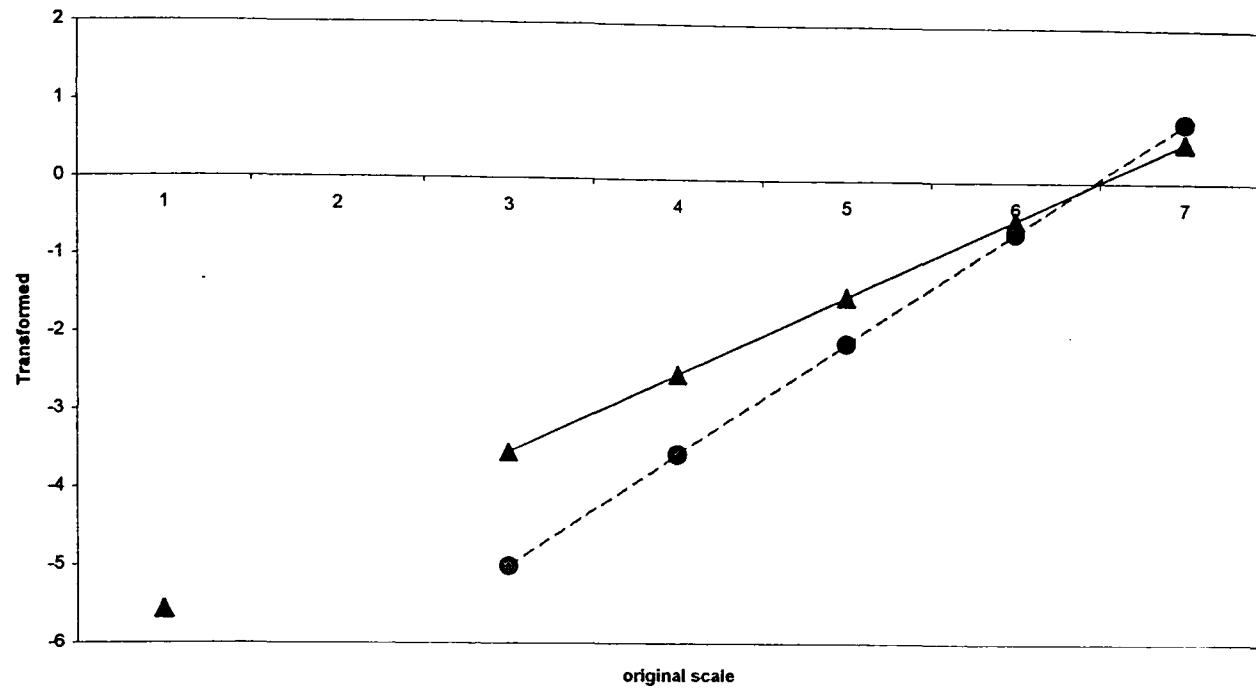
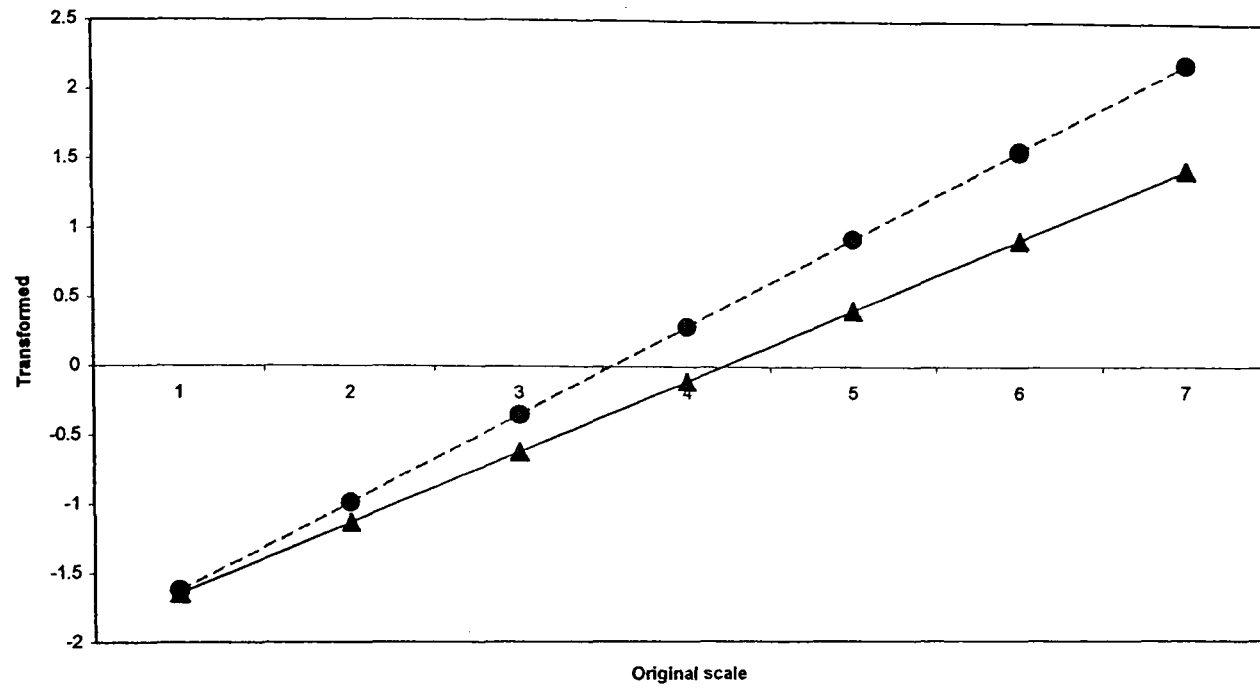## Courteous staff item
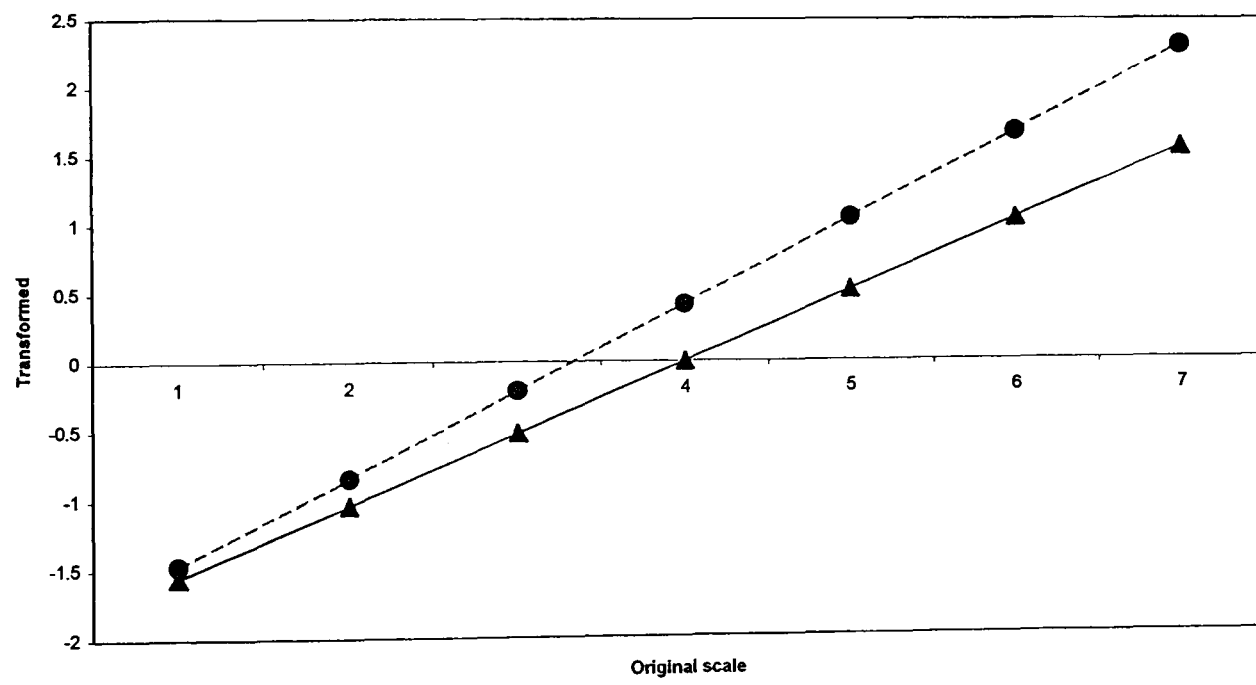

Original scale
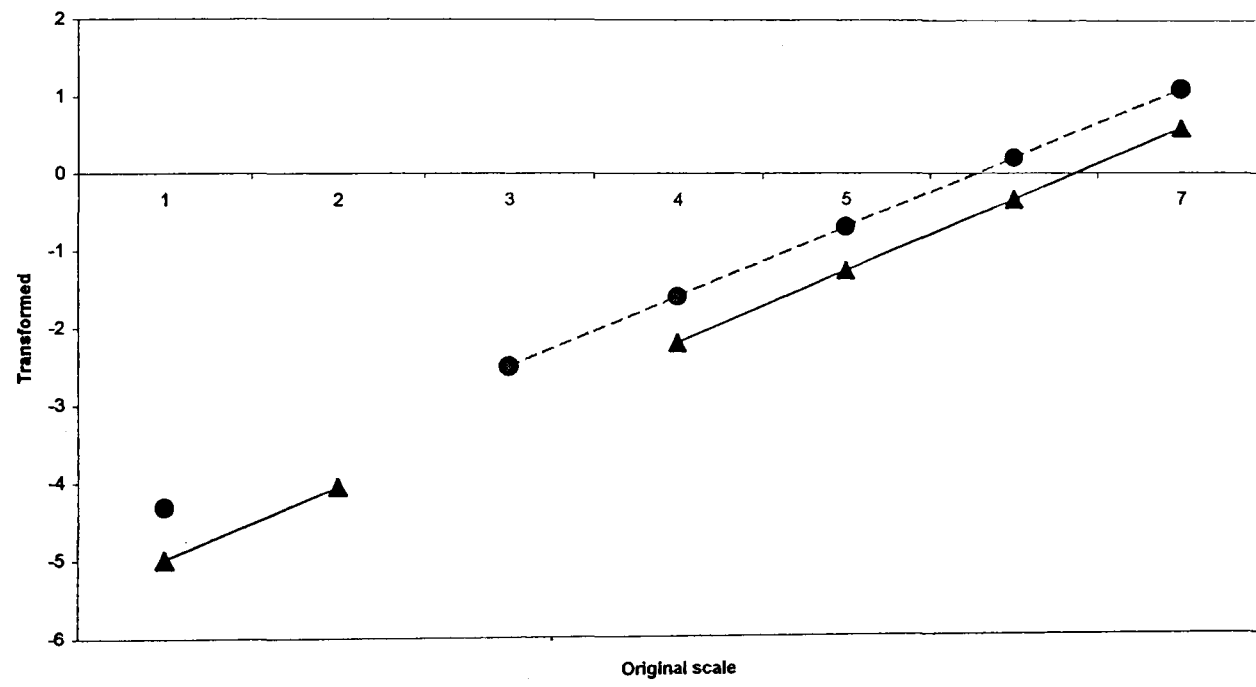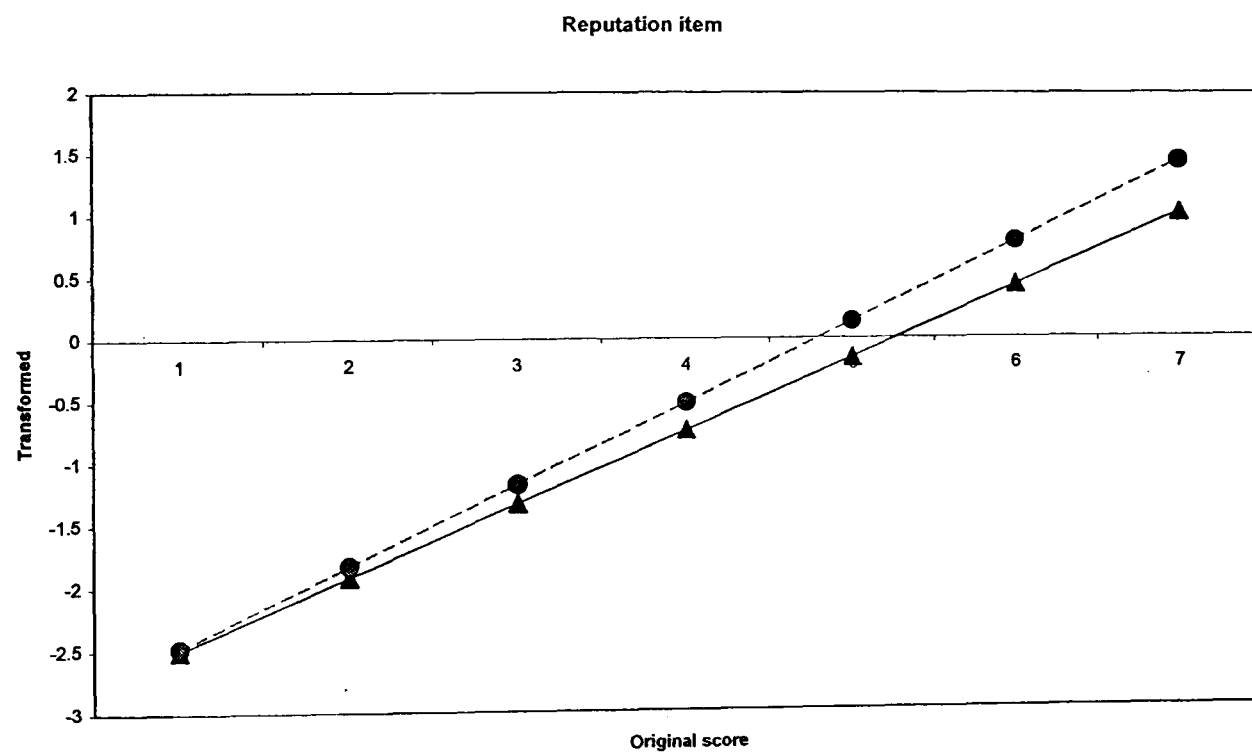
Knowledgable staff
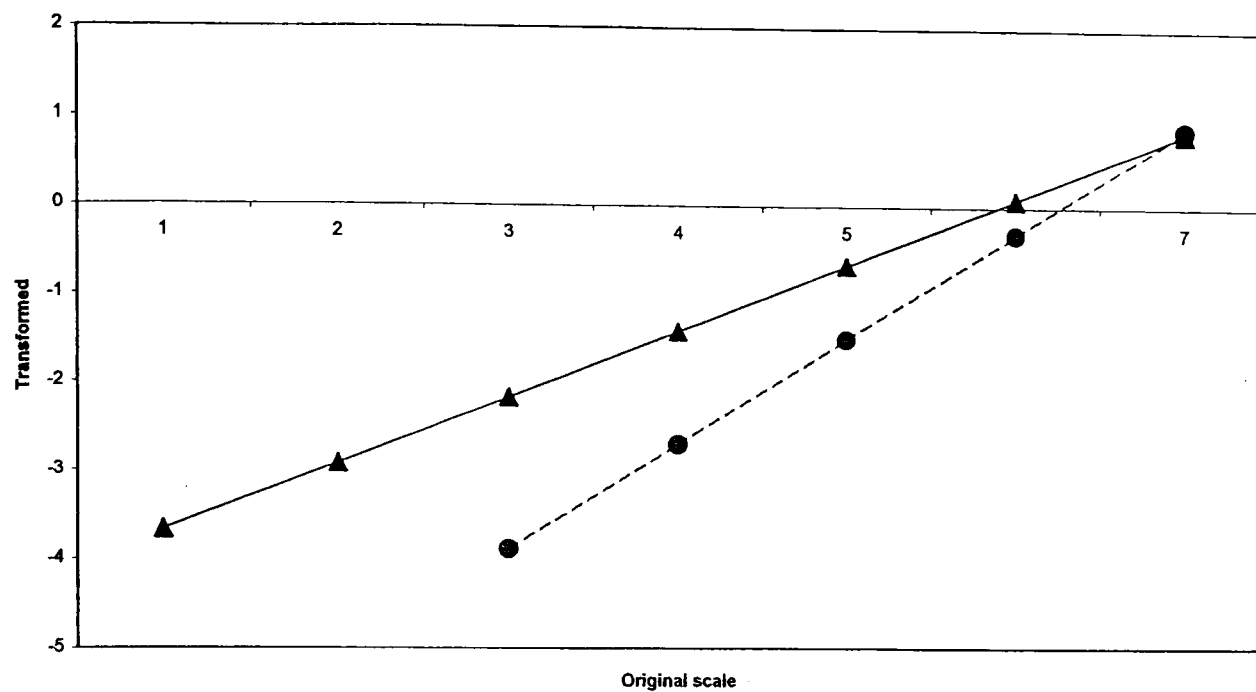
Clear communication item
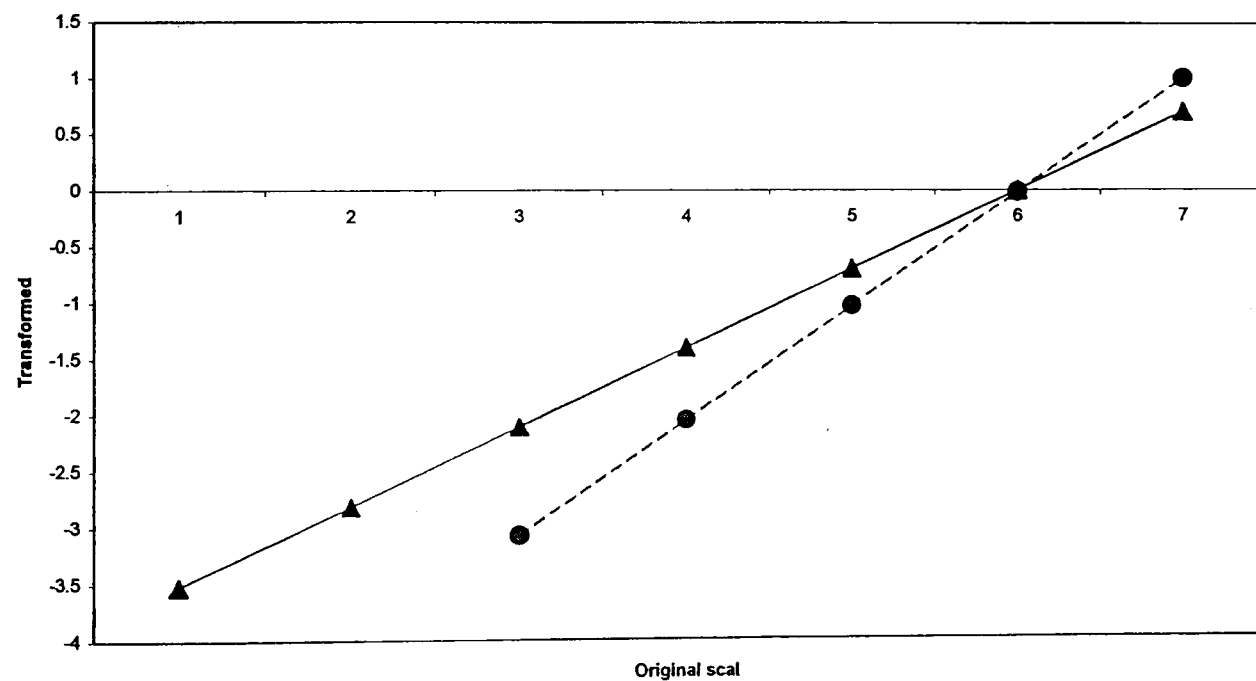
Equipment item

Materials item

Officer item

Global bank item

Information item
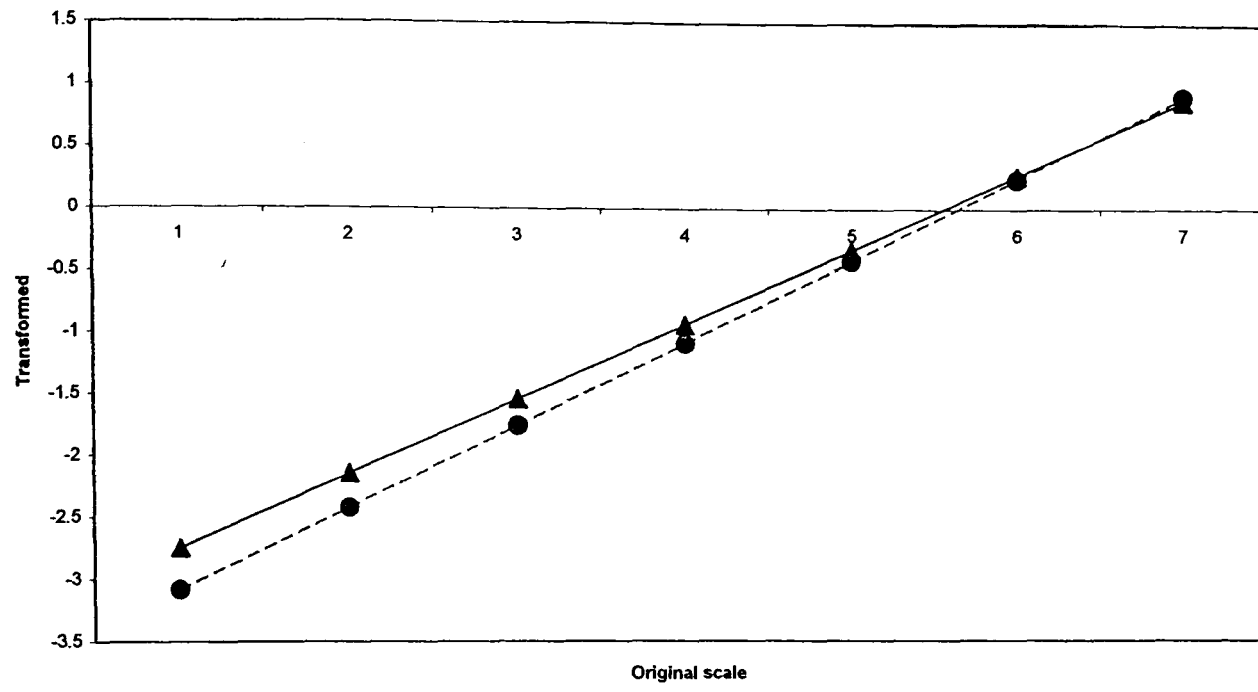
Reputation item
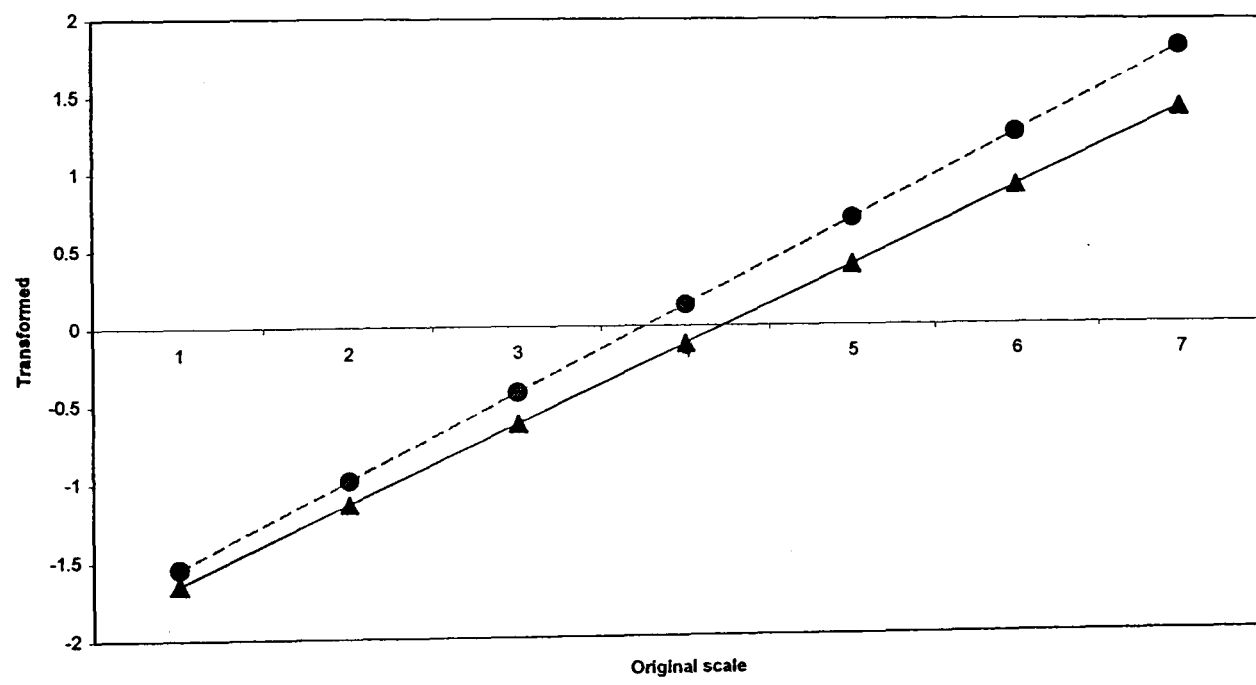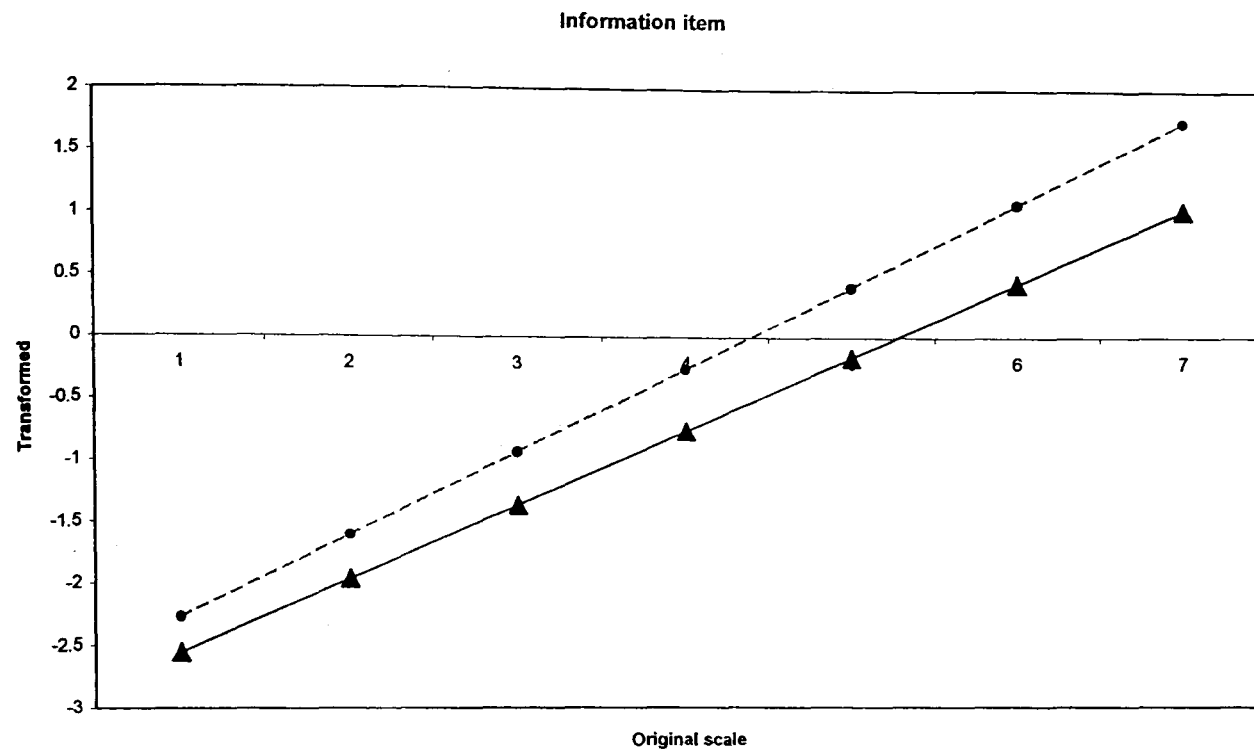
Bank support item
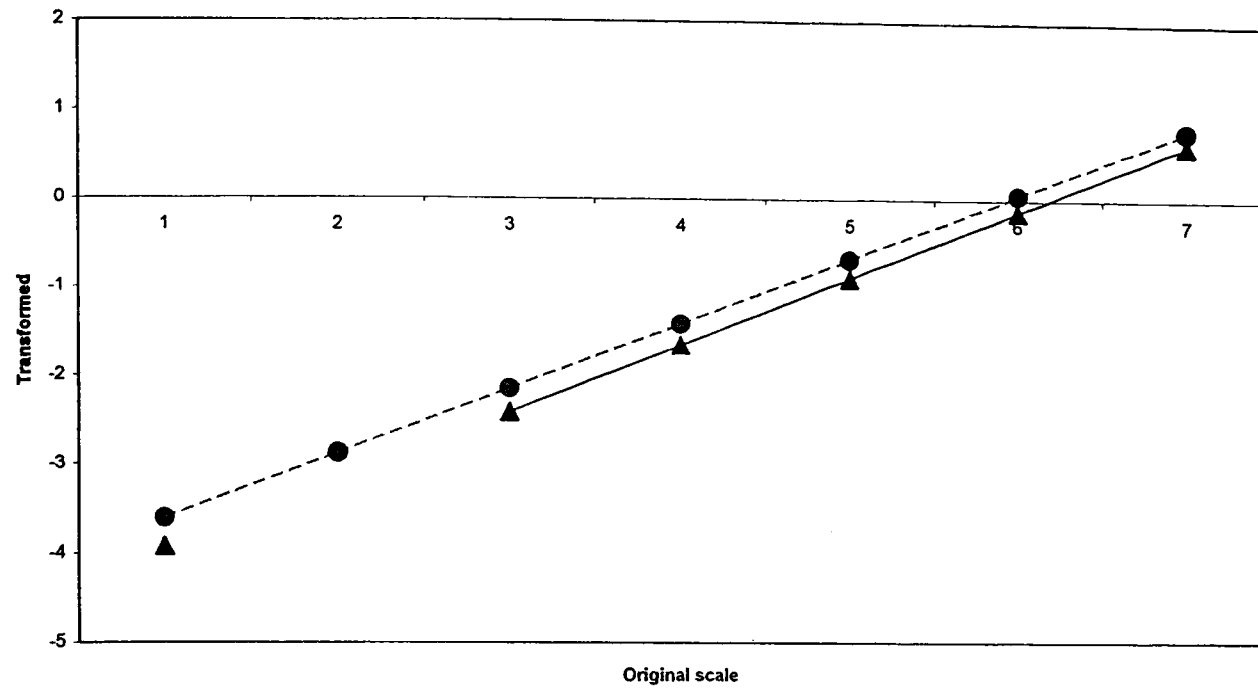
Recomendation item

Experience item
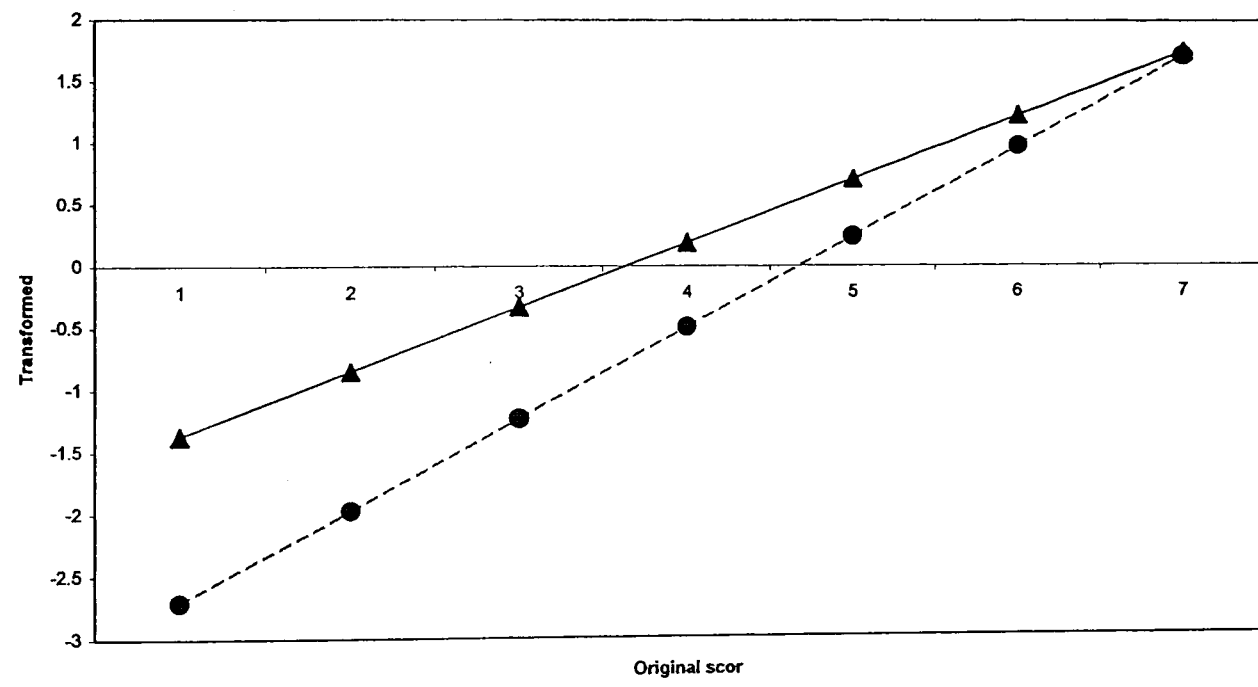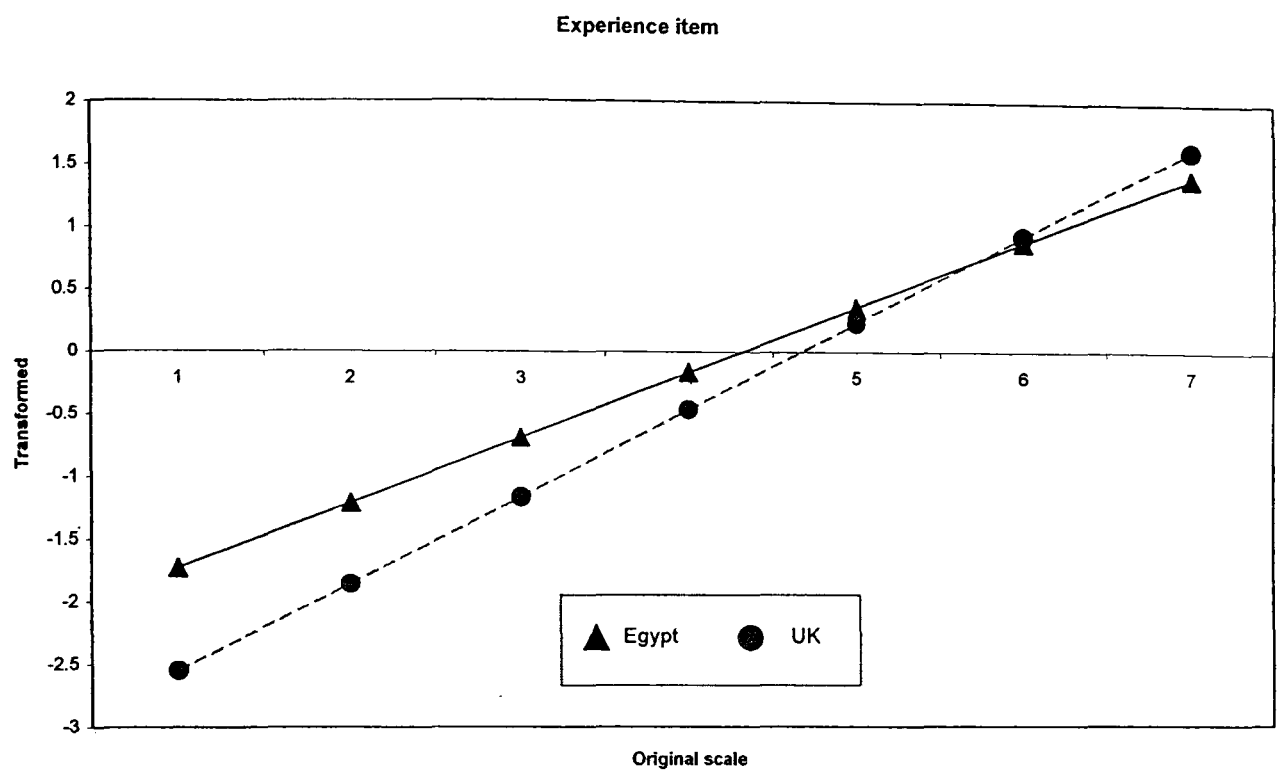
Appendix C

Factor analysis for the determinant qualities of the service items (EGYPT)

Items	Factor 1	Factor 2
Fees	.896	
Interest rates	.902	
Credit availability	.715	
Accuracy		.855
Confidentiality		.702
Speedy services		.797

Percentage of variance explained = 66.78 %

Factor analysis for the determinant qualities of the service items (UK)

Items	Factor 1	Factor 2
Fees		-.931
Interest rates		-.946
Credit availability	.625	
Accuracy	.859	
Confidentiality	.814	
Speedy services	.867	

Percentage of variance explained = 74.15 %

Factor analysis for the determinant qualities of the service items (Combined)

Items	Factor 1	Factor 2
Fees	.908	
Interest rates	.922	
Credit availability	.693	
Accuracy		.867
Confidentiality		.762
Speedy services		.839

Percentage of variance explained = 70.61%

Factor analysis for the determinant qualities of the service provider (EGYPT)

Items	Factor 1	Factor 2
Courteous staff		.803
Knowledgeable staff		.817
Understand business		.830
Clear communication		.584
Modern equipment	.750	
Visually appealing materials	.722	
Convenient location	.499	
Internet banking	.745	
Full range of services	.647	
Large size of assets	.760	
Global bank	.805	
The reputation	.598	

Percentage of variance explained =54.94 %

Factor analysis for the determinant qualities of the service items (UK)

Items	Factor 1	Factor 2	Factor 3
Courteous staff		.785	
Knowledgeable staff		.885	
Understand business		.780	
Clear communication		.566	
Modern equipment			.603
Visually appealing materials			.632
Convenient location			.564
Internet banking			.706
Full range of services			.619
Large size of assets	.819		
Global bank	.881		
The reputation	.681		

Percentage of variance explained = 66.75 %

Factor analysis for the determinant qualities of the service items (Combined)

Items	Factor 1	Factor 2
Courteous staff		.836
Knowledgeable staff		.875
Understand business		.834
Clear communication		.657
Modern equipment	.803	
Visually appealing materials	.789	
Convenient location	.472	
Internet banking	.727	
Full range of services	.737	
Large size of assets	.776	
Global bank	.821	
The reputation	.687	

Percentage of variance explained = 59.56 %

Factor analysis for the determinant interaction items (EGYPT)

Items	Factor 1	Factor 2
Getting well with the manager	.586	
Existence of a key officer	.662	
Good complaint handling	.788	
Provide information	.718	
Support the business	.823	
Long term commitment	.786	
Recommendations		.859
Previous experience		.858

Percentage of variance explained = 59.99 %

Factor analysis for the determinant interaction items (UK)

Items	Factor 1	Factor 2
Getting well with the manager	.721	
Existence of a key officer	.740	
Good complaint handling	.771	
Provide information	.599	
Support the business	.782	
Long term commitment	.817	
Recommendations		.772
Previous experience		.799

Percentage of variance explained = 59.04 %

Factor analysis for the determinant interaction (Combined)

Items	Factor 1	Factor 2
Getting well with the manager	.652	
Existence of a key officer	.736	
Good complaint handling	.819	
Provide information	.739	
Support the business	.811	
Long term commitment	.808	
Recommendations		.845
Previous experience		.844

Percentage of variance explained = 62.18 %

Appendix D

Clusters centres

Criteria	Egypt clusters mean				UK clusters mean			
	1	2	3	Sig.	1	2	3	Sig.
1- Low fees, charges and commissions	6.37	6.03	6.54	.076	5.89	6.38	6.03	.022
2- Competitive debit and credit interest rates	6.26	5.62	6.76	.001	5.75	6.37	5.77	.004
3- Credit availability	6.11	5.69	6.61	.003	5.25	6.23	4.92	.000
4- Accuracy	6.71	6.05	6.89	.000	6.36	6.63	6.46	.175
5- Confidentiality	6.66	5.87	6.83	.000	6.08	6.63	5.95	.001
6- Speedy services and doing it right from the first time	6.71	5.87	6.87	.000	6.28	6.63	6.31	.026
7- Staff who are courteous, friendly and helpful	6.29	6.05	6.76	.006	5.25	6.25	5.38	.000
8- Staff who are knowledgeable, skilful and trustworthy	6.08	5.26	6.37	.004	5.81	6.62	6.03	.000
9- Staff who understand your business and industry	6.29	5.36	6.76	.000	5.17	5.25	5.56	.000
10- Getting on well with your proposed account manager	5.53	4.87	6.41	.000	5.22	6.55	5.59	.000
11- Clear communication from the bank to its customers	6.39	5.15	6.48	.000	5.64	6.42	5.59	.000
12- Modern looking equipment and visually appealing facilities	4.18	2.59	5.85	.000	2.58	4.51	2.64	.000
13- Visually appealing associated materials (cheque book, cards ...etc)	3.94	2.69	5.41	.000	2.28	4.34	2.44	.000
14- Convenient bank location	5.89	4.56	6.19	.000	4.33	5.53	5.00	.006
15- Availability of Internet banking services	5.42	2.21	5.63	.000	5.86	5.11	2.23	.000
16- Availability of full and modern range of services	6.26	4.00	6.43		5.64	5.97	3.64	.000
17- Existence of a bank officer responsible for all your company banking operations	5.79	4.87	6.07	.002	5.41	6.30	4.58	.000
18- Good complaint handling	6.32	5.49	6.59	.000	4.86	6.23	5.00	.000
19- Large size of the bank assets	4.47	3.44	5.50	.000	3.25	5.15	2.97	.000
20- Being a global bank	4.47	2.56	5.67	.000	2.83	4.85	2.56	.000
21- The bank provides its customers with useful business related information	5.29	4.36	6.20	.000	3.58	5.18	3.67	.000
22- The reputation of the bank	5.1.3	4.33	6.33	.000	3.81	5.60	4.21	.000
23- The bank supports customers experiencing difficult business conditions	6.29	5.54	6.72	.000	5.28	6.40	5.67	.000
24- The bank has a long term commitment to its customers	5.92	5.31	6.63	.000	5.50	6.54	6.15	.000
25- Recommendation by others	2.76	2.85	5.33	.000	3.92	5.14	4.51	.000
26- Previous experience in dealing with this bank	2.92	4.10	5.89	.000	3.44	5.19	4.82	.000
No. of cases/cluster	38	39	46	-	36	73	39	-
% of cases/cluster/country	31%	32%	37%	-	24%	49.5%	26.5%	-

Appendix E

Clusters centres (Switching)

Criteria	Egypt clusters mean				UK clusters mean			
	1	2	3	Sig.	1	2	3	Sig.
1- Increase in fees, charges and commissions	6.28	3.80	5.72	.000	5.31	6.36	5.76	.000
2- Refusal of credit grant or credit extension	6.54	3.65	6.40	.000	5.33	6.45	5.60	.000
3- The bank services become slower	6.62	5.85	5.93	.000	5.00	5.94	5.09	.000
4- Decrease in the level of staff courtesy and friendliness	6.52	6.15	5.30	.000	4.64	5.57	5.09	.001
5- Closure of the local branch	5.79	5.10	4.18	.000	3.19	5.66	5.09	.000
6- Replacing the key contact officer	5.94	5.00	4.50	.000	4.90	6.43	5.97	.000
7- Decrease in the range of services offered	5.76	5.30	4.83	.001	4.24	5.55	4.62	.000
8- Negative comments by others	5.42	3.75	2.81	.000	2.45	4.57	2.78	.000
9- Bank failure to support the business in difficult times	6.54	3.70	5.91	.000	5.90	6.66	6.42	.001
10- Decrease in the level of accuracy	6.59	6.35	5.93	.003	5.36	6.25	5.76	.000
11- Accumulation of lots of minor problems	6.13	5.30	4.94	.000	5.40	6.04	5.49	.002
12- Good advertising by another bank	5.18	4.05	2.46	.000	2.33	4.02	1.51	.000
13- Positive recommendation by others about the quality of another bank	5.01	4.10	2.76	.000	3.76	4.81	2.49	.000
14- Being approached by another bank that offers better services	6.31	5.25	4.72	.000	4.90	5.19	2.38	.000
No. of cases/cluster	71	20	54	-	42	53	45	-
% of cases/cluster/country	49%	14%	37%	-	30%	38%	32%	-