The influence of personality traits of customers on their loyalty: A case study of private banks of Kermanshah

Ali Karbasi¹, Babak Jamshidi Navid², Seied Reza Hashemi³

1. Master of Business Administration, Azad University, Kermanshah, Iran.
   Fellow researcher at the Social Development Research Center, Kermanshah University of Medical Sciences and Health Promotion
2. Department of Business Management, Kermanshah Branch, Islamic Azad University, Kermanshah, Iran.
3. Department of Business Management, Kermanshah Branch, Islamic Azad University, Kermanshah, Iran.

Corresponding Author email: Alikarbasi13@gmail.com

ABSTRACT: Today, banks and service companies, though, are looking for Customer's Loyalty. But to indulge them, they must plan based on their customer's aims; it is not possible to recognize their demands without knowing their personalities. Close relationships with customers require a thorough understanding of their personality traits because with knowing the characteristics and personality traits, it is possible to personalize services for each group of people. The aim of this study is to identify the personality traits and to study the relationship and impact of each one on satisfaction and finally on loyalty. The research was a descriptive-survey research. The data of this study is obtained from a questionnaire among three hundred and fifty private banks of Kermanshah. The reliability of the questionnaire has been confirmed through Cronbach's alpha technique and has been obtained using path analysis of the model. Results of this research indicated that among five attributes, only neuroticism has a negative relationship with satisfaction and other personality traits have a significant positive relationship with satisfaction. Compatibility characteristics, extraversion, and empiricism respectively, had the greatest influence on satisfaction.

Keywords: personality, satisfaction, loyalty, Path Analysis

INTRODUCTION

In the service industries that servicing is done followed by communication and interaction with customers. Overall customer satisfaction is based on how they are experienced with that industry. So it is not strange that companies are spending considerable resources to measuring and managing customer's satisfaction. Economic enterprises should study on improving customer's satisfaction and loyalty and their going back by pleasing them of services make them loyal to themselves. (Law, et al., 2004). By understanding the importance of customer's satisfaction, Organizations are gradually distancing from traditional marketing to communicational marketing (Ranjbarian and Berari, 2009). Today, companies are trying to increase customer's loyalty through developing communicational marketing tactics. Communicational marketing is based on understanding the needs of individual customers and seek to form long-term relationships with customers (Samadi, et al., 2009). One of the most important tactics is to be careful of individualizing customers (Bagherzad Halimi, et al., 2011). Personalization is the process of collecting information during the interaction with their clients to provide services tailored to the needs of customers (Germanakos, et al., 2008). On the other hand, the purchase decision process is affected by several factors; the most important ones are:

- Sociocultural and gregarious factors, situational factors, psychological factors, and individual factors related to the mix marketing. Personality is one of the individual and psychological that lead to a purchase decision. (Roosta, et al., 2006, 117)
- On the other hand, the theory of factors and personality traits that are also used in this study are the most widely used theories in the marketing. This is due to its easiness of use in marketing techniques not because of its superiority over other theories. Each character trait is a tendency to answer specific manner and each character is defined by a particular combination of these features (Barrett L.F. and Pietromonaco, 1997). We can find many cases in which psychology is used on customer's behavior in ways of marketing studies. Characteristics and factors theory is one of the most widely used theories of understanding personality traits in field of marketing. Neo method is used in many studies related to marketing...
that is good to be mentioned here. It does not mean that it is superior to the other methods but it means that it is more easy to use in marketing studies. In recent years the emphasis on the five major personality factors has increased in organizational studies (Carver and Scheie 2000, Barrick, 1991). Thus, the five-factor classification allows researchers to map the different scale and combine their cumulative research results into a systematic and meaningful manner. This test examines five important personality traits (Neuroticism, Extraversion, empiricism, agreeableness, conscientiousness) some researchers think that these Characteristics have an important role to make people decide and finally causes them to buy something (Grathwohl 1967, John O.P 1993) as one of the most important ways of knowing each human is knowing his/her personality traits, for knowing each person completely we have to know his/her personality traits to make him/her interested in marketing and to make them loyalty. Finally, the question arises whether the clients personality dimensions can be

**Theoretical Principles**

**Character’s Definition**

We have a variety of definitions, each psychologist, one definition. As it is The word (Personality refers to the Greek word-Persona-that originally describes the masks that people wore long time before while acting in the classical Greek drama, but generally -Persona-means the role that an actor/actress plays on the scene so it’s basic conception is consistent to what a person plays as a social role in the society or in another words, person’s general character that shows to those around him/her. Because he/she considers personality as synonymous to popular and good looking Characteristics accepted by people of the world. we hear the sentence (Ali is a Gentleman) in daily conversations for instance these concepts are out of the field of scientific psychology because these descriptions of the characters, in fact, depend on the quantity and type of behavior and makes it difficult for us to study personality, personality sometimes is used for showy and prominent Characteristics and adjectives of a person so that, in some cases, he/she is maybe considered as a coward or a gallant or even an angry person. In the other words we can describe personality as the kind of behavior that people have in front of the others and their reactions which are shown in the society (Farahani, 2007, 23)

**Five Personality traits**

Five factor personality model has been taken into consideration of a widely range of the researchers in these recent decades. These five factors are: Neuroticism, Extraversion, openness in experience, agreeableness, conscientiousness.

**Extraversion:** It indicates an energetic approach to the material and social world in which includes individual features like coloring, activity, determination and courage.

**Agreeableness:** It indicates social and popular Orientation versus inimical attitudes to the others that includes qualities such as altruism, kindness, trust and humility.

**Conscientiousness:** It describes the breadth, depth, complexity and creativity of mental life and it includes qualities such as altruism, kindness, trust and humility.

**Neuroticism:** It means the tendency to experience negative emotions like stress, being worry, sadness and all in all emotions that are against stability and relaxation.

**Openness in experience:** It describes the breadth, depth, complexity and creativity of mental life and it is like having a personal experience against having a closed mind (John and Srivastava, 1999).

**reviewed 5 questionnaire factors, their construction and their aspects**

Robert Mac Carry and Paul Costa who worked in gerontological research center of the National health Institutes in Baltimore followed planning that resulted in finding five famous character factors which are called big fives, or big five factors. These two men worked on understanding big fives which are placed at the top of the Characteristics of the superior traits of the dominant personality traits for which each one has six specific Characteristics and they finally achieved 30 personality traits. (Khenifer and Colleagues, 2008). Studies in recent years show that Big Fives are the basis of the other personality traits (Caplan 2003:2). Groosy and his Colleagues have standardized the neo questionnaire and Hagh Shenas has translated it to Farsi and its abbreviation (NEO - FFL) was designed for evaluating Big fives and each factor is composed of 12 factors.

**Factors and characteristics in marketing theory**

Theory of the factors and personality traits that has been used in this study is also a part of the most widely used marketing theories. It does not mean that this theory is superior to the others but it is because of its easiness in use. Each characteristic is the tendency to a specific way of reacting and personality is described of a special mixture of these Characteristics. (Barrett L.F. and Pietromonaco, 1997) Four Hypothesis of this theory facilitate it to be related to psychology and customer’s behaviour in marketing. The first hypothesis is that...
Characteristics are the stable parts of a person, the second one is that there are very few normal characteristics in most of the cases, the third one is that people are different in expanding these characteristics and the last one is that these characteristics could be examined to the other behaviour measuring methods (John O.P., 1993). by taking a short look at the mentioned characteristics, we will understand that the neo questionnaire was used in this study to being applied by different experts and to exploring the personality traits (Barrett L.F. and Pietromonaco 1997)

MATERIALS AND METHODS

This study is of descriptive-survey explorations and is from usable ones, its data was gathered by standard Neo FFI questionnaire and its statistical population are private banks of Kermanshah that show a capacity of 350, gathered by Random sampling of Cochran, and its statistic analysis is done by AMOS & SPSS softwares and is presented by having a look at analysis of way of the final model. Validity of the questionnaire is analyzed by experts of this major based on a form of content validity and also its validity and reliability of the questionnaire was measured by Amos software techniques. Cronbach alpha and the percentage of the overall Cronbach is ninety-eight hundredths.

Average comparison test between groups

Due to the lack of normal ranges for Average comparison between groups, we used nonparametric tests.

Table 1. Average Comparison Between Groups

<table>
<thead>
<tr>
<th>Level of significance</th>
<th>Z statistics</th>
<th>Mann-Whitney U</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender (man, woman)</td>
<td>-0.293</td>
<td>Gender (man, woman)</td>
</tr>
<tr>
<td>Marriage condition</td>
<td>-0.366</td>
<td>marriage condition:</td>
</tr>
</tbody>
</table>

According to the significant level of the gender of man and woman which is calculated (0.769) and the average of single and married people (0.714) which is bigger than 0.05 there is no different observed between gender groups and married ones.

Hypothesis of the study

Hypothesis 1: Personality traits of the neuroticism has a significant impact on satisfaction.
Hypothesis 2: Personality traits of extroversion has a significant impact on satisfaction.
Hypothesis 3: Personality traits of openness in experience has a significant impact on satisfaction.
Hypothesis 4: Personality traits of agreeableness has a significant impact on satisfaction.
Hypothesis 5: Personality traits of conscientiousness has a significant impact on satisfaction.
Hypothesis 6: customers satisfaction has a significant impact on their loyalty.

Data analysis

To determine the relationship between the hypotheses, we used Spearman’s correlation coefficient test. According to the following table personality traits show a significant positive relationship with satisfaction and neuroticism show a negative relationship with satisfaction.

Table 2. Correlation test:

<table>
<thead>
<tr>
<th>Level of significance</th>
<th>The correlation coefficient</th>
<th>Independent variable</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.000</td>
<td>-0.163</td>
<td>neuroticism</td>
</tr>
<tr>
<td>0.000</td>
<td>0.545</td>
<td>satisfaction</td>
</tr>
<tr>
<td>0.000</td>
<td>0.647</td>
<td>extraversion</td>
</tr>
<tr>
<td>0.000</td>
<td>0.524</td>
<td>satisfaction</td>
</tr>
<tr>
<td>0.000</td>
<td>0.545</td>
<td>agreeableness</td>
</tr>
<tr>
<td>0.000</td>
<td>0.756</td>
<td>Openness to experience</td>
</tr>
<tr>
<td>0.000</td>
<td>0.545</td>
<td>conscientiousness</td>
</tr>
<tr>
<td>0.000</td>
<td>0.756</td>
<td>loyalty</td>
</tr>
</tbody>
</table>

According to the correlation coefficient is inversely related to neuroticism and satisfaction of other personality dimensions have a significant positive relationship with customers at is faction.

Confirmatory factor analysis of each of the variables (measurement model test)

Measurement models in software testing analysis is confirmed by Amos software and this concept refers to is rule that how much observed variables or items of a questionnaire can measure their construct as exact as it should be, one of the indicators of measuring the items of a questionnaire is based on the validity of the construction which is used for items more than 0.50, according to the done test, all of the items are been standardized that shows the measurement accuracy for each of the hidden variables.
Path analysis of the research model

In the figure 1, that shows its Compatibility impact on the satisfaction coefficient is 0/46, for openness to experience is 0/24, for extraversion it is 0/34, for conscientiousness it is 0/12 and for neuroticism it is 0/03 to the satisfaction, measurement error of the mediator and dependent variables are respectively 0/06 and 0/07.

![Path Analysis Diagram](image)

Figure 1.

According to the correlation among independent of the fit indices and reformation model in Table 3, it is shown that the chi square is about 73/153 with the freedom degree of 5 and significance level of 0/000 are to show the appropriate model and also fit indices tell that this is an acceptable model.

<table>
<thead>
<tr>
<th>standard amount</th>
<th>amount</th>
<th>Fit indices</th>
</tr>
</thead>
<tbody>
<tr>
<td>Those More than 0/9 are acceptable</td>
<td>0/990</td>
<td>CFI</td>
</tr>
<tr>
<td>Those More than 0/9 are acceptable</td>
<td>0/989</td>
<td>NFI</td>
</tr>
<tr>
<td>Those less than 0/1 are acceptable and if it is less than 0/95, it could be very nice and if it is from 0/05 to 0/95,</td>
<td>0/989</td>
<td>RMSEA</td>
</tr>
<tr>
<td>to 0/08 are suitable. those less than 0/05 are acceptable</td>
<td>0/005</td>
<td>RMR</td>
</tr>
<tr>
<td>Those more than 0/9 are acceptable (some people suggest those more than 0/8)</td>
<td>0/993</td>
<td>GFI</td>
</tr>
<tr>
<td>Those more than 0/9 are acceptable (some people suggest those more than 0/8)</td>
<td>0/849</td>
<td>AGFI</td>
</tr>
</tbody>
</table>

In the most researches Model modification indices are not usually mentioned while it is necessary to make some changes in the model in order to lead to the proper fit of the model. To this end, the Model modification indices should be mentioned to know that how the initial fitting is different to the final fitting. Because of that, Model modification indices before and after correction are shown in the Table 4.

<table>
<thead>
<tr>
<th>Standardized</th>
<th>The model after reformation</th>
<th>The model before reformation</th>
<th>Indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td>as closer to zero is better</td>
<td>73/153</td>
<td>254/202</td>
<td>Chi-Square Statistics</td>
</tr>
<tr>
<td>as closer to zero, it would be more suitable</td>
<td>5</td>
<td>10</td>
<td>Degrees of freedom</td>
</tr>
<tr>
<td>the models from 1 to 5 are the most suitable ones</td>
<td>14/631</td>
<td>25/420</td>
<td>Chi Square on the degrees of freedom</td>
</tr>
<tr>
<td>more than 0/95 shows a good range</td>
<td>0/960</td>
<td>0/217</td>
<td>TLI</td>
</tr>
<tr>
<td>less than 0/1 is acceptable and if it is less than 0/05 is very good and if it is from 0/05 to 0/08 it is very good as it is closer to zero, it would be better</td>
<td>0/098</td>
<td>0/316</td>
<td>RMSEA</td>
</tr>
<tr>
<td>as it is closer to zero, it would be better</td>
<td>672/47</td>
<td>903/380</td>
<td>AIC</td>
</tr>
</tbody>
</table>

Despite the correlation among independent variable model, Chi-Square Statistics show a reduction from 254/202 to 37/153. Chi-square statistic indicates a reduction of the degrees of freedom from 1 to 10. TLI Has had an increasing from 24/320 to 14/631 and RMSEA has had a reduction from 0/316 to 0/098 and finally with a
good comparison we will see that if we are supposed to select one of the reformed or original models we will select the reformed one because it is better than the original one from many aspects. In the structural equation modeling however the model is more complex, the more fixed parameters will be opened and chi-square statistic will be reduced. By improving absolute fit indices (chi square, GFI, AGFI, RMR) show that in one hand based on the differences of the observed variance and covariances and predicted variances and covariances based on reformed model in another hand. Adaptive fit indices showed that the how it has been able to move away from an independence model. More space, more desirable model. Thrifty fit indices showed a significant improvement which is contemplated with the increasing values of the fitted indices of the model parameters by taking a look at the reformation of the parameters. The final model represents an improvement in all aspects of compatibility features, empiricism, extraversion and conscientiousness on customer satisfaction and its impact will be on customers loyalty and satisfaction as intermediary variables.

CONCLUSION

By taking a glance to the examined tests we can conclude that the most relation is for compatibility with a correlation coefficient of 0/64 and a Impact coefficient of 0/46 and it shows the most effect on people’s satisfaction of banks of the Kermanshah city. Extroversion with an impact coefficient of 0/32, openness in experience with 0/24, conscientiousness with 0/12 and neuroticism with 0/03 that according to inner Characteristics of (sense of stress, concerning and sadness) show an opposite relation with satisfaction so that serving companies must pay a special attention to these kind of customers and they should not generalize all of the people. As a general look, although we have many kind of people, they are separated to 2 parts that the first one is called the group of the wisdom owners and the other one is called the group of the non wisdom owners that each one should be known with their own Characteristics and they must be treated as good as it is possible. As a conclusion each company must treat its customers based on their own Characteristics to keep them loyal to themselves. Many studies of personality and relationships of loyalty taken separately but so far, no study has been done on the relationship between these two variables in this study the first of University.

REFERENCES