

Influence of Demographic Variables on Trust in the Banking Industry

Sita Bhandari

BBA 6th Semester, Atharva Business College, Kathmandu Nepal
sitabhandari2286@gmail.com

Dr. Sarita Maiya Dhaubhdadel

Nepal Philosophical Research Center, Kathmandu Nepal
saritadhaubhdadel9@gmail.com

Sagar Pant

Baneshwor Multiple Campus, Kathmandu Nepal
sagarpantlamjung@gmail.com

Ram Uday Shah

Ratna Rajya Laxmi Campus (TU), Kathmandu Nepal
ruday760@gmail.com

Corresponding Author

Sita Bhandari

sitabhandari2286@gmail.com

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Abstract

Banks depend on trust. Commercial banks are vital to the economy because they help consumers save, lend, and manage their finances. This research was carried out to learn more about bank workers' faith in trust on a demographic basis. Quantitative data was collected from a sample of 111 individuals through a survey questionnaire. The survey assessed perceptions of trust in commercial banks. The analysis reveals that gender and educational level plays a role in trust and perceptions of leadership. Marital status alone does not determine trust and perceptions, as individuals in both married and unmarried groups exhibited a range of opinions. Age and experience also do not influence trust. These findings provide insights into the

dynamics of trust and perceptions of leadership. Still, they should be considered within the limitations of the dataset and the influence of other factors like organizational culture.

Keywords: Age, Bank, Gender, Marital Status, Trust, Gender, Service

Introduction

Trust is one of the most important parts of how the banking system works. Commercial banks are very important to the economy because they help people save money, give out loans, and help with other financial activities (Acharya, 2020). Banks build relationships with their users, investors, and other important parties based on trust. It includes things like trustworthiness, honesty, openness, and doing the right thing (Sekhon, Ennew, Kharouf, & Devlin, 2014). For business banks to be successful and last for a long time, they need to keep and build trust. Organizational trust is when someone expects, assumes, or has an idea that someone else's future actions will be helpful, positive, or at least not harmful to their goals (Robinson, 1996). Several theories, like the social exchange theory and the deontic justice theory, try to explain how trust grows in a group. The social exchange theory is based on the idea of reciprocity, which says that trust is built when people swap benefits directly or indirectly (Beslin, 2004). Corporate Social Responsibility (CSR) actions help build trust by having direct, two-way conversations with workers and more general conversations with people outside the company (Farooq, 2014).

Deontic justice theory, individuals have a moral need to treat others fairly, and when they see someone else being treated unjustly, they respond as though they are the ones who are being abused (Butler, 1991). Employees respond to both how they are treated by the company and how others, both within and outside the company, are treated in the context of CSR (Cheney, 1987). If employees believe their employer is socially irresponsible, they are more likely to have negative attitudes and actions, but if they believe the employer is socially responsible, they grow to enjoy the organization (Rupp, 2015). It can be assumed that the way people think about CSR has a good effect on company trust, which is a direct result of CSR actions (Mayer, 1995). Trust is shown by things like being able, being honest, being kind, and being reliable. When workers think that their company cares about the community, they trust the company. This leads to a way of thinking and acting that helps the company run better as a whole. CSR shows workers that the company will continue to treat them with care and kindness in the future, which makes them feel emotionally connected to the company and more loyal to it.

At the same time, corporate social responsibility has gotten a lot of attention in business, including in the banking field. CSR stands for the company's promise to act in a way that is good for the economy, society, and the earth. It means putting social ideals and worries about society into the business plan and the way decisions are made. Commercial banks have realized that CSR is important for building trust, keeping good relationships with stakeholders, and making a difference in society as a whole (Pfajfar, Shoham, Małecka, & Zalaznik, 2022).

Commercial banks haven't looked into the link between trust and Corporate Social Responsibility (CSR) enough, so they don't know what strategies and projects can build trust and strengthen relationships with customers and stakeholders (K.C., 2022). This study is important for many different groups, such as business banks, authorities, users, and society as a whole. By looking at how trust and CSR work together in commercial banks, the study will shed light on the strategies and projects that can build trust and make relationships with customers and partners better. It will also talk about the benefits of putting CSR into the way a bank works, which can lead to more safe business practices and a good effect on society. The results of this study will add to what is already known about trust and CSR in the banking sector. They will also give commercial banks tips on how to deal with the changing demands of stakeholders. The aim of this study was to explore the relationship between demographic variables and trust of bank employees.

Methods and Material

The focus of this study is solely descriptive (Mahat & Aithal, 2022). Quantitative data was collected through a survey questionnaire distributed to a sample of 111 individuals. The survey consisted of structured questions that assessed respondents' perceptions of trust in commercial banks. The questionnaire included Likert-scale items and multiple-choice questions to capture both attitudinal and demographic information (Mahat & Agrawal, 2019). A purposive sampling technique was employed to select individuals who have experience with commercial banks. With the help of the computer program Statistical Package for Social Sciences (SPSS), a correct picture of the raw data was made to result (Parajuli, Mahat, & Lingden, 2022; Neupane, Pant, & Bhattarai, 2023). Ethical guidelines were followed throughout the research process. Informed consent was obtained from all participants, ensuring confidentiality and anonymity of their responses. The study adhered to ethical standards regarding data storage, protection, and usage. Participants were given the freedom to withdraw from the study at any time without facing any consequences.

Results and Analysis

This section deals with the results and analysis of the study. Figure 1 describes the gender of respondents.

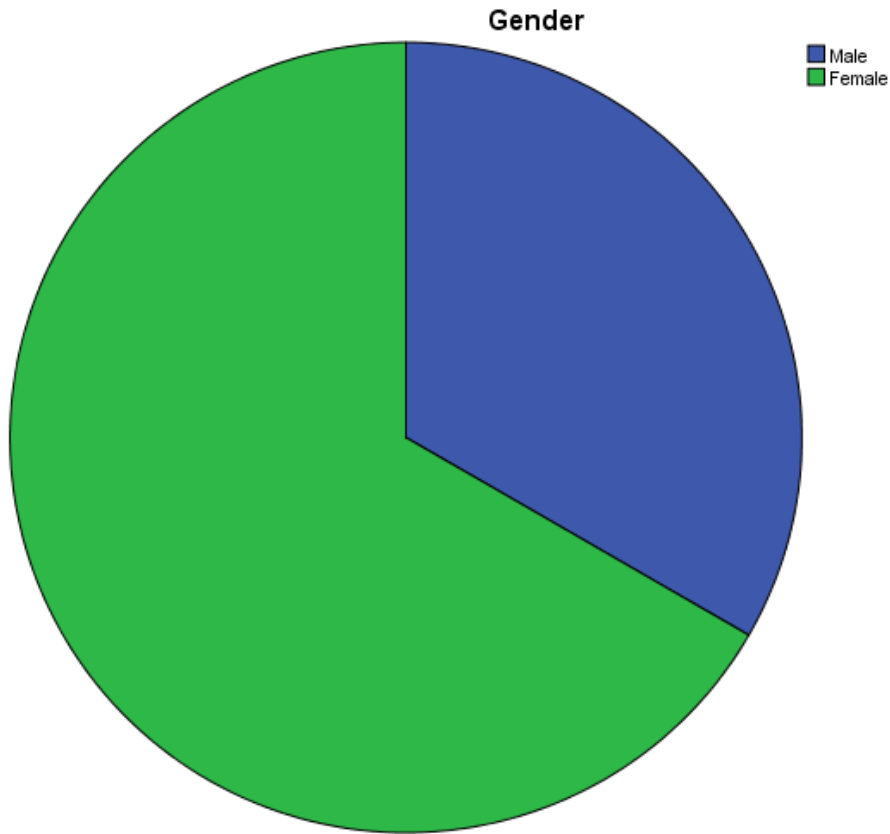


Figure 1: Gender of Respondents

Figure 1 shows the gender-wise representation of respondents. Out of 111 respondents, 37(33.3%) were male and 74(66.33%) female.

Table 1: Marital Status

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Married	57	51.4	51.4	51.4
	Unmarried	54	48.6	48.6	100.0
	Total	111	100.0	100.0	

Table 1 shows the marital status of respondents. Out of 111 respondents, 57(51.4%) were married and 54(48.6%) were unmarried.

Table 2: Age-wise distribution of respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	less than 20 years	7	6.3	6.3	6.3
	21 to 25 years	24	21.6	21.6	27.9
	26 to 30 years	31	27.9	27.9	55.9
	31 to 35 years	36	32.4	32.4	88.3
	36 to 40 years	7	6.3	6.3	94.6
	above 40 years	6	5.4	5.4	100.0
	Total	111	100.0	100.0	

Source: Survey 2023

Age of the respondents was grouped into 6. Out of total, 7(6.3%) were less than 20 years, 24(21.6%) were in 21 to 25 years' group, 31(27.9%) in 26-30 years' group, 36(32.4%) in 31 to 35 years' group, 7(6.3%) in 36 to 40 years' group, and 6(5.4%) were above 40 years. the results summarize that most of the employees were young.

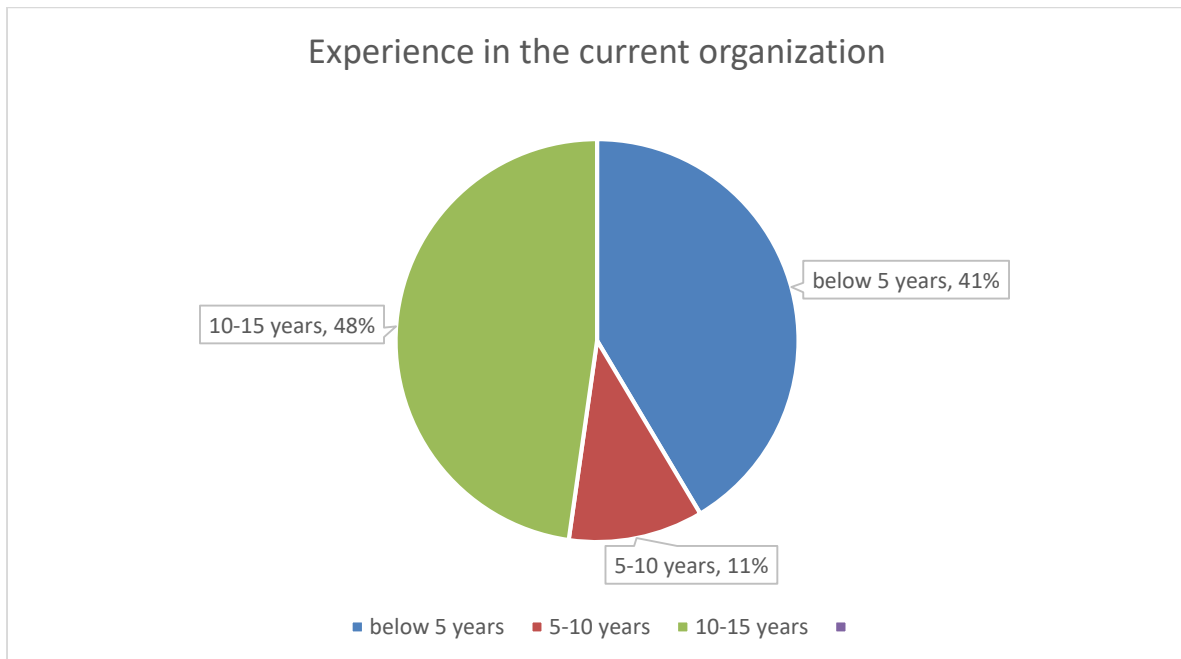


Figure 2: Experience in the current organization

Figure 2 illustrates respondents' (employees of the concerned banks) experience in the current organization. 46 (41.5%) had less than 5 years' experience. 12(10.8%) had 5 to 10 years of experience, and 53(47.7%) had more than 10 years of experience.

Table 3: Educational Distribution

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	+2	6	5.4	5.4	5.4
	Bachelor's degree	38	34.2	34.2	39.6
	Master's degree	67	60.4	60.4	100.0
	Total	111	100.0	100.0	

Source: Survey 2023

Table 3 demonstrates educational degrees of the respondents. Out of 11 respondents, 6 had completed +2, 38 had completed Bachelor's degree and 67 had completed Master's degree.

Hypothesis Testing

This sub-section of the study deals on testing of hypotheses. The hypotheses were set on between demographical variables and Trust.

Table 4: Correlations between Gender and Level of Trust

		Gender	Mean of Trust
Gender	Pearson Correlation	1	.463**
	Sig. (2-tailed)		.000
	N	111	111
Mean of Trust	Pearson Correlation	.463**	1
	Sig. (2-tailed)	.000	
	N	111	111

Source: Survey 2023

Table 4 presents correlation coefficients and associated statistical information between two variables: "Gender" and "Mean of Trust." Correlation coefficients indicate the strength and direction of the linear relationship between two variables. In this case, the Pearson correlation coefficient is used, which measures the strength and direction of a linear relationship between two continuous variables.

The Pearson correlation coefficient between "Gender" and "Mean of Trust" is 0.463. The p-value associated with this correlation coefficient is 0.000, which is less than the common significance level of 0.05. The sample size (N) for both variables is 111.

The positive correlation coefficient of 0.463 indicates a moderate positive linear relationship between "Gender" and "Mean of Trust." Since the p-value is less than 0.05, the correlation is considered statistically significant at the 0.05 level (2-tailed). Thus, alternative hypothesis 1 (H1: There is a significant correlation between gender and level of trust.) is accepted.

In conclusion, it can be concluded that there is a significant positive correlation between gender and the mean level of trust. This means that while there is a statistical relationship between these two variables, it does not necessarily mean that gender causes changes in the level of trust or vice versa.

Table 5: Correlations between Trust and Marital status

		Mean of Trust	Marital status
Mean of Trust	Pearson Correlation	1	-.065
	Sig. (2-tailed)		.497
	N	111	111
Marital status	Pearson Correlation	-.065	1
	Sig. (2-tailed)	.497	
	N	111	111

Source: Survey 2023

Table 5 shows correlation coefficients between two variables: "Mean of Trust" and "Marital status." The Pearson correlation coefficient is a measure of the strength and direction of a linear relationship between two continuous variables. It ranges from -1 to 1. A positive value indicates a positive correlation (as one variable increases, the other tends to increase), a negative value indicates a negative correlation (as one variable increases, the other tends to decrease), and a value close to 0 indicates a weak or no linear correlation. Then, Sig. (2-tailed) value is the p-value associated with the correlation coefficient. The p-value helps determine the statistical significance of the correlation coefficient. A p-value less than a chosen significance level (often 0.05) indicates that the correlation is statistically significant, suggesting that the observed relationship between the variables is unlikely to have occurred by chance.

In Table 5 the Pearson correlation coefficient between "Mean of Trust" and "Marital status" is approximately -0.065. The p-value associated with this correlation coefficient is approximately 0.497. The number of data points used to calculate this correlation coefficient is 111.

Given the correlation coefficient of -0.065, there appears to be a very weak negative correlation between the "Mean of Trust" and "Marital status" variables. However, this correlation is not statistically significant as indicated by the p-value of 0.497, which is greater than the commonly used significance level of 0.05. Thus, the alternative hypothesis (H2: There is a significant correlation between marital status and trust.) is rejected.

In conclusion, it can be concluded that there is no significant positive correlation between marital status and the mean level of trust. This means that while there is a statistical relationship between these two variables, it does not necessarily mean that marital status does not cause changes in the level of trust or vice versa.

Table 6: Correlations between age and level of trust

		Mean of Trust	Age
Mean of Trust	Pearson Correlation	1	.093
	Sig. (2-tailed)		.331
	N	111	111
Age	Pearson Correlation	.093	1
	Sig. (2-tailed)	.331	
	N	111	111

Source: Survey 2023

Table 6 shows correlations between two variables: "Mean of Trust" and "Age." The significance value (p-value) associated with this correlation is approximately 0.331. Since this value is greater than 0.05, it indicates that the correlation is not statistically significant. Thus, hypothesis 3 (H3: There is a significant correlation between age and level of trust.) is rejected.

In conclusion, there is a weak positive correlation between "Mean of Trust" and "Age," but this correlation is not statistically significant. This suggests that age factors do not affect the level of trust. However, the Pearson correlation coefficient between "Mean of Trust" and "Age" is approximately 0.093. Since the value is close to 0, it suggests a weak positive linear relationship between these two variables. This means that as "Age" increases, there is a slight tendency for "Mean of Trust" to also increase, but the relationship is not particularly strong.

Table 7: Correlation between job experience and trust

		Mean of Trust	Years of service with current organizations
Mean of Trust	Pearson Correlation	1	-.006
	Sig. (2-tailed)		.951
	N	111	111
Years of service with current organizations	Pearson Correlation	-.006	1
	Sig. (2-tailed)	.951	
	N	111	111

Source: Survey 2023

Table 7 displays correlations between two variables: "Mean of Trust" and "Years of Service with Current Organizations." Correlation is a statistical measure that quantifies the strength and direction of the relationship between two variables. The Pearson correlation coefficient, denoted as "r," ranges from -1 to 1, where: $r = 1$ indicates a perfect positive correlation (as one variable increases, the other also increases proportionally). $r = -1$ indicates a perfect negative correlation (as one variable increases, the other decreases proportionally). $r = 0$ indicates no linear correlation between the variables.

In this case, the table presents the Pearson correlation coefficients and associated significance values between "Mean of Trust" and "Years of Service with Current Organizations." Pearson Correlation between Mean of Trust and Years of Service with Current Organizations: -0.006. This value represents a very weak negative correlation. The closer the correlation coefficient is to 0, the weaker the linear relationship between the variables.

Significance (2-tailed) for the correlation between Mean of Trust and Years of Service with Current Organizations is 0.951, i.e. >0.05 . It shows that there is no significant correlation between experience and trust. Hence, the alternative hypothesis 4 (H4: There is a significant correlation between experience and trust.) is rejected.

In conclusion, it can be concluded that there is no significant positive correlation between job experience with the current organization and trust. This means that while there is no statistical relationship between these two variables, it necessarily means that experience does not cause changes in the level of trust or vice versa.

Table 8: Correlations between education and trust

		Mean of Trust	Education
Mean of Trust	Pearson Correlation	1	.190*
	Sig. (2-tailed)		.045
	N	111	111
Education	Pearson Correlation	.190*	1
	Sig. (2-tailed)	.045	
	N	111	111
*. Correlation is significant at the 0.05 level (2-tailed).			

Source: Survey 2023

Table 8 shows the correlations between two variables: "Mean of Trust" and "Education." The Pearson correlation coefficient between "Mean of Trust" and "Education" is approximately 0.190. This value is positive, suggesting a positive correlation between these two variables. As the level of one variable (e.g., "Mean of Trust") tends to increase, the level of the other variable (e.g., "Education") tends to increase as well, and vice versa. In this case, the significance level for the correlation coefficient is given as 0.045. The asterisk (*) indicates that the correlation is considered significant at the 0.05 level (2-tailed). The significance level of 0.045 is less than 0.05, indicating that the correlation between "Mean of Trust" and "Education" is statistically significant.

In conclusion, the provided information suggests that there is a statistically significant positive correlation between the "Mean of Trust" and "Education" variables. As education levels increase, the mean of trust tends to increase as well, and vice versa. The correlation is not very strong (0.190), but it is considered significant based on the provided significance level.

Conclusion

The analysis of the provided data reveals some interesting patterns and insights regarding trust and perceptions of leadership based on gender, marital status, age, years of service, and education. Regarding gender, it appears that there are some differences in trust and perceptions between males and females. Considering marital status, both married and unmarried participants exhibited a range of opinions and perceptions. The analysis of age groups provides insights into trust and perceptions of leadership. Considering age-related dynamics is crucial for organizations to address trust and leadership perceptions effectively. In terms of years of service, the data suggests that trust and positive perceptions of leadership may not affect to develop and strengthen over time as employees gain more experience within an organization. In the case of the educational level of employees, there is a direct relationship with trust.

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