

CULTURAL ORIENTATIONS AS ANTECEDENT OF CUSTOMERS' PERCEPTIONS OF BANKING SERVICES: EVIDENCES FROM TANZANIAN BANKING INUSTRY

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ABSTRACT

The paper examined how the cultural orientations influence customers' perception on the banking services offered in the Tanzanian banking by carrying out a comparison between foreign and local banks. The sample size of 380 customers were involved, of whom 196 used local banks services while 184 used foreign bank services. Confirmatory factor analysis was used to examine the psychometric properties of cultural orientations as based on the Tanzanian bank customers. Validity and reliability assessment as well as measurement invariance testing were performed on the cultural orientations' measurement models used in the study. In carrying out the confirmatory factor analysis, Sharma's (2010) cultural orientation scale was applied and, the dimensions consumer innovativeness, traditional values and prudence values were used in the model. The findings indicate that Foreign bank customers had significantly higher mean values than local bank customers for consumer innovativeness and traditional values, but there was no significant difference between the two types of banks for prudence values. The findings of the study suggest that there are significant differences in the consumer innovativeness between local and foreign bank customers, with foreign banks customers having significantly higher latent mean consumer innovativeness scores than local customers. There were no significant differences between local and foreign bank customers based on prudence values. Surprisingly, foreign bank customers had a slightly higher significant mean traditional values than local bank customers. The study recommends that Bank managers should change the strategic focus of their offerings by identifying the exact customers' needs, incorporating cultural values so that these needs can be met and exceeded.

Keywords: *Cultural Orientations, customer perception,*

INTRODUCTION

Background Information

Introduction

Currently, with the increased globalization, it becomes imperative for the business organizations to have a clear understanding of the cultural values of the destinations that they want to establish their businesses. This is because, culture has been seen as an important determinant that plays a significant role on how customers make their purchase decisions. This is because, customers' perceptions and decision-making processes seem to be largely influenced by their cultural values (Doran, 1997). Understanding cultural values is relevant in the Tanzanian context and is even becoming more relevant because of the influx of the foreign banks in the country as well as the diversity of the cultural values of the customers.

Researches on customers' cultural orientations have recently attracted a great deal of attention because of the fact that service providers in different industrial settings need to be able to identify the critical factors that influence customers' preferences and incorporate these discoveries into the services they offer to satisfy their culturally diverse group of customers more effectively (Alshaibani, 2015).

In addition, customers' cultural orientations greatly differ among between societies and organizations. This makes it obvious that purchase decisions that customers make are greatly influenced by the culture that these customers are brought up (Nóbrega, 2009). In addition to that, customers' cultural orientation not only influences their behavior, but also affects the rationalization process of the behavior. Culture orientation also has strong impact on the customers' expectation and the whole process of evaluating firms' service offerings (Cao & Phan, 2015).

However, different studies that were carried out in understanding human cultural values globally, were mostly based on Hofstede's five dimensions of culture (Hofstede 1991). These five dimensions are (1) independence/interdependence; (2) acceptance of unequal distribution of power in the society; (3) risk aversion; (4) dominance of society values on gender, and (5) long-term orientation. Hofstede's five dimensions of culture differ from other forms of cultural values as developed and measured by other researchers in this area due to the fact that people of the same country of origin may not share the same cultural features (Bond, 2002; Oyserman, Coon & Kimmelmeier, 2002). These researchers express reservations on the justification of applying Hofstede's five dimensions of culture as a means of examining customers' cultural alignments across different countries. This particular study therefore adopted Sharma (2010) cultural orientations scale as this managed to offer an expanded view of measuring cultural values from the perspective of marketers. The contribution of this study is therefore anchored on the fact that Sharma (2010) cultural orientations scales was applied in the banking industry of a developing country which has not been done before. The findings moreover are expected to shed some light on how Tanzanian bank customers' perceptions are shaped by their cultural values and the line of difference will be drawn by comparing foreign and local bank customers.

Research objective

The main research objective of this study was to examine customers' cultural orientations as based on the scale developed by Sharma (2010), and compare a group of foreign bank customers with a group of local banks customers of banks operating in Tanzania based on selected dimensions of the scale. Specifically, the interest was to compare personal cultural orientation between the customers of local banks and customers of foreign banks;

The Hypothesis to be examined are as follows:

- H1: Customers of local banks will have lower means on consumer innovativeness when compared to customers of foreign banks.
- H2: Customers of local banks on average will have lower mean prudence values than those of foreign customers.
- H3: Customers of local banks on average will have higher mean traditional values than those of foreign customers.
- H4: Customers of local banks will have higher mean levels of interdependence than customers of foreign banks.

Literature Exposition

Personal cultural orientations

The focus of business organizations currently has been on the ways of developing different strategies that can be used to market global brands. This business understanding originates from the ever-increasing homogenization of global markets and a subsequent growth of similarities in customers' preferences and behavior. Nevertheless, the idea of homogenization cannot be applicable to organizations that deliver services to customers. This is due to the fact that the efforts that a service organization injects into trying to standardize the service delivery process may run into difficulties because of the differences in customers' perceptions of what constitutes a good service. (Thomas, Bureau & Saxena, 1996).

The level of customer involvement during service delivery process gives an indication of the cultural values that are in favor of the communication and are clear, direct and understood. Some other cultural values tend to prefer a more nonverbal type of communication, or high context communication. Customers who are from a cultural background that prefers in-depth communication with the service provider, usually focus on the excellence of the experience during the service encounter (Bradley, 1995).

In this study, four of Sharma's (2010) dimensions of cultural orientations, tradition, prudence, interdependence and consumer innovativeness were adopted for the purpose of investigating the role of culture in banking service perceptions (Sharma 2010).

Consumer innovativeness

According to Sharma (2010), consumer innovativeness is strongly linked to the level of comfortability that a customer is willing to allow for uncertainty. This means that, innovativeness makes it possible for customers to make decisions about the future despite the surrounding ambiguities. These customers tend to be willing to purchase new products and at the same time ready to explore the benefits of new products as these become available.

However, there are those customers who tend to avoid uncertainties and therefore be scared of situations that may indicate unknown outcomes (Hofstede, 2001). These types of customers always tend to prefer to deal with situations with sure outcomes or results and demand clarification in unfamiliar situations. Quite the opposite applies in groups with low uncertainty cultural values (De Mooij & Hofstede, 2002).

Prudence and tradition

According to Sharma, prudence and traditional cultural orientations can be referred to as long term cultural orientations. They tend to be highly useful in explaining whether customers are long term oriented or short term oriented (Sharma, 2010). Traditional cultural values indicate perseverance, adherence to the world's realities, human kindness and awareness of social values (Bond, 2002), while prudence values are associated with the tendency to plan for the future and the ability to do so.

Customers who exhibit prudent cultural values tend to purchase long term universal products and services because of being sure of their sustainability; they also try to form sustainable relationships with the suppliers of these products and services (De Mooij & Hofstede, 2002). These customers tend to be better at managing their financial expenses, as seen in their low expenditure levels (Soares, et al., 2007).

Moreover, customers who exhibit prudence are more flexible in making their purchase decisions. These customers tend to be more ready to adapt to changes in their surroundings (Franke, Hofstede & Bond, 1991). These long-term customers are usually more innovative in terms of their daily purchases, which forces business firms to be constantly developing new products to meet their dynamic demands (Van Everdingen & Waarts, 2003). They readily complain to sellers (Hui & Au, 2001) and respond quickly in situations where the service providers fail to meet their expectations (Poon, Hui & Kevin, 2004). Moreover, long-term oriented customers are always looking towards the future and value diligence, thrift, adoption rate, self-discipline, benefit and they have a sense of shame.

Different from above, short-term oriented customers prefer immediate results and their spending is largely influenced by social pressure and achievement. Whereas long-term oriented customers exhibit perseverance and are future oriented, short-term customers need constant persuasion to stay loyal to the same service firm. These short-term oriented customers tend to have greater expectations about service delivery standards (Hofstede & Hofstede, 2005).

Tanzania's citizens do not all have the same orientation. For example, the majority of the educated part of the population tend to plan for the future; less so the uneducated.

Interdependence

According to Sharma (2010), interdependence refers to the cultural inclination that could be linked to customers' ability to work in teams and to see success as belonging to all group members. With interdependence, customers tend to realize their belongingness to a particular group, and therefore their identity is usually attached to this group.

Customer independence on the other hand refers to customers being able to make personal decisions which automatically characterize the levels of freedom that they enjoy in their day-to-day activities, while at the same being able to attain their life objectives. Independent customers prefer to exercise individualism in making decisions; they are able to formulate their own directives and follow them. These two cultural dimensions can be referred to as the individualism-collectivism cultural dimensions.

Societies which exhibit a high level of independence as a cultural orientation are the ones in which individual interests overshadow the interests of the group or society (Hofstede & Hofstede, 2005). Societies which are highly independent are characterized by self-orientation, where an individual is emotionally independent from the corporate world and individual achievement is highly emphasized, as are confidentiality and autonomy.

Meanwhile, in societies which are described as being interdependent, group loyalty is highly emphasized. In addition, these societies tend to be peaceful among members as confrontations are largely minimized. Customers who originate from highly interdependent societies will tolerate mistakes as they tend to have lower service expectations. However, with this kind of a group, service firms should constantly try to show empathy, assurance and responsiveness (Hofstede & Hofstede, 2005).

Customers who tend to exhibit independent cultural values always seem to be from the communities that surround them. These customers are always responsible for their members of the family, which is a very different from the customers with the interdependence cultural values. (Hofstede, 2001). Customers who show interdependence have close relationships with other group members and care about the welfare of every group member. By contrast, an independent cultural person tends to put an emphasis on self-reliance; the individual's reputation is attached to that particular person and not to the whole society (Sharma, 2010).

Methodology

Research design

In this study, a cross-sectional research design was applied. A total of 380 respondents from the banking sector who have been using the services of their particular banks for at least six months filled in self-administered questionnaires.

Sampling.

The sampling frame for this particular study included all the registered commercial banks operating in the Tanzanian banking industry. Moreover, Convenience sampling technique was applied to draw the list of respondents to be interviewed. The use of convenience sampling was due to the fact that it made it possible to obtain a larger number of fully completed questionnaires from respondents. All the respondents had to be willing and accessible to fill in self-administered questionnaires.

Data Collection

The researcher used a paper-based survey, where the respondents were approached to self-complete the questionnaires. All the questionnaires were filled in by the respondents in the presence. This was done so as to resolve any queries that could arise in the course of filling in the questionnaires.

Measurement of the Construct

The construct of Personal Cultural Orientation (PCO) was measured by using a scale that included four of the ten dimensions proposed by Sharma (2010), namely Interdependence, Tradition, Prudence and Consumer Innovativeness. These four dimensions were considered to be more relevant in the context of this study, despite the fact that there are more than four dimensions of personal cultural orientation.

Data analysis

Descriptive analysis for the demographic profile of the respondents was carried out. Chi-square test aimed at examining the significant differences of the customers across the two groups of customers. Normality was looked at to examine the univariate normal distribution of the variables under study. The Incremental Fit Index (IFI), the Tucker-Lewis Index (TLI), the Comparative Fit Index (CFI), the Parsimony Normed Fit Index (PNFI) and the Root Mean Square Error of Approximation (RMSEA) were carried out to assess the model's fit by carrying out measurement invariance testing of the dimensions of cultural orientations. Mean values of the construct were also examined so as to get the basis of doing a comparison of personal cultural orientation between banks that operate in the Tanzanian banking industry.

Results and Discussion

Descriptive results

The demographic characteristics of the sample, by each type of bank is provided in this section (Table 2). It is clear that in terms of their demographic profile and contextual variables, the two groups of local bank and foreign bank customers were very similar. Minor differences were found in the sample representation with respect to gender. Among foreign bank customers, 55% were male, and among local bank customers, 48% were male indicating a slight difference between the two groups. However, when the corresponding significance of the Chi-square test of independence in Table 1 is considered, this difference is not statistically significant ($p=0.145$).

Table 1: Summary of Chi-square test results

Variables	Chi-Square	Df	Significance
A1: Age in years	7.278	5	0.201
A2: Gender	2.124	1	0.145
A4: Type of banking customer	0.756	1	0.384

A5: Type of account	3.979	4	0.409
A6.1: Internet access	0.902	1	0.342
A6.2: Comfortability with banking on the internet	0.732	1	0.392
A6.3: Mobile phone ownership	2.461	1	0.117
A6.4: Comfortability with using mobile phone banking services	0.553	1	0.457

With access to the internet, the majority of customers agreed that they have access to internet. This could be seen in the percentage representation whereby 86% of all the respondents interviewed, responded by saying that they have internet access. In the sample representation in terms of the local banks' customers and foreign banks' customers, there was a minor difference between the two groups in terms of access to the internet, as 85% of local bank customers had access to the internet, and 88% of foreign bank customers had access to the internet. As seen in Table 1, this difference is also not statistically significant ($p=0.342$).

However, despite having access to the internet, only 56% of the all the respondents interviewed were comfortable with using the internet for banking services, and this comprised of 58% of the local bank customers and 54% of foreign bank customers. That means, despite the fact that the majority of the customers agreed that they had access to internet services, these customers had their reservations on using this technology to carry out their financial transactions. It seems therefore that there is a general reluctance among Tanzanian bank customers to trust the internet to facilitate their banking activities.

With mobile phone ownership, 98% of the respondents who were interviewed possessed mobile phones. This result is not unusual, since the major part of data collection was conducted in the city centres where the participating banks have their branches, and that is why the majority of the respondents who were interviewed happened to have mobile phones.

Nevertheless, despite the fact that the majority of those who were interviewed had mobile phones, but still only 57% (which comprised 59% of the customers using local banks' services and 55% of the customers using foreign banks' services) were comfortable with using mobile phones to facilitate their banking transactions. This reluctance of using mobile phones to facilitate banking activities could possibly be attributed to Tanzanian customers to be seemingly not ready for using mobile phones as a means to facilitate their financial transactions.

A comparison of the demographic profile of the respondents is provided in Table 1.

Table 2: Demographic profile and contextual variables of customers

Variables	Categories	Frequencies			Percentages		
		Type of bank			Type of bank		
		Local	Foreign	Total	Local	Foreign	Total
A1: Age in years	19-25	32	28	60	16.3	15.2	15.8
	26-35	60	44	104	30.6	23.9	27.4
	36-45	26	38	64	13.3	20.7	16.8
	46-55	22	30	52	11.2	16.3	13.7
	56-65	38	30	68	19.4	16.3	17.9
	66-75	18	14	32	9.2	7.6	8.4
A2: Gender	Male	94	102	196	48.0	55.4	51.6
	Female	102	82	184	52.0	44.6	48.4
A4: Type of banking customer	Individual person	137	136	273	59.3	62.4	60.8
	Small or Medium enterprise business owner	59	48	107	25.5	22.0	23.8

A5: Type of account	Savings	81	75	156	41.3	41.0	41.2
	Current	59	53	112	30.1	29.0	29.6
	Fixed deposits	44	50	94	22.4	27.3	24.8
	Call account	7	4	11	3.6	2.2	2.9
	Time account	5	1	6	2.6	.5	1.6
A6.1: Internet access	No	30	22	52	15.3	12.0	13.7
	Yes	166	162	328	84.7	88.0	86.3
A6.2: Comfortability with banking on the internet	No	82	85	167	41.8	46.2	43.9
	Yes	114	99	213	58.2	53.8	56.1
A6.3: Mobile phone ownership	No	5	1	6	2.6	.5	1.6
	Yes	191	183	374	97.4	99.5	98.4
A6.4: Comfortability with using mobile phone banking services	No	196	184	380	41.3	45.1	43.2
	Yes	81	75	156	58.7	54.9	56.8
	Total	196	184	380	100	100	100

Each of the two-way tables presented in Table 2, were subjected to the Chi-square test of independence to test whether there were significant differences in the representation of local versus foreign banks in terms of demographic and contextual variables.

None of the chi-square test results (as presented in Table 1) were significant, and it is therefore appropriate to make the assumption that the demographic profiles of the two groups of banks are very similar and it is therefore appropriate to compare the cultural values of the two groups of customers, based on the similarity of their demographic and contextual profiles.

The measurement model of personal cultural orientations

The first measurement model for personal cultural orientation (Sharma, 2010) consisted of four dimensions each having four items with the constructs, tradition, prudence, and interdependence and consumer innovativeness. Despite the fact, the model fit was adequate, after the removal of items with low squared multiple correlations, the estimated correlations between the constructs interdependence and prudence were very high, 0.878 for local banks and 0.952 for foreign banks. From a theoretical viewpoint, it did not make sense to merge these two constructs. Therefore, the construct interdependence was omitted in further analyses. The three-dimensional model used for the measurement of cultural orientation comprising of the constructs tradition, prudence and consumer innovativeness is presented in Figure 1. The model has three latent variables each indicated by three items, with a total of nine indicators. The items that were excluded in the final model were due to their low squared multiple correlations, one in each construct.

For the purpose of model identification, a number of constraints were placed on the measurement parameters. One measured variable per latent variable was set equal to 1, and the corresponding intercept was constrained equal to zero.

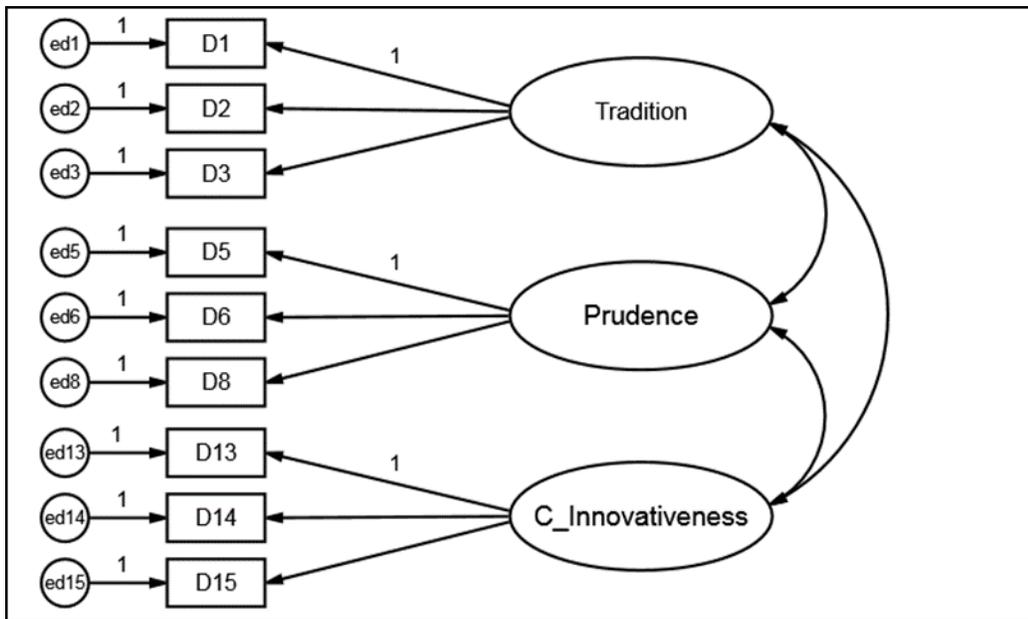


Figure 1: Final measurement model of personal cultural orientations

Table 3 depicts the skewness and kurtosis values used for examining the multivariate normality of the items indicating personal cultural orientations for both groups of customers.

Table 3: Assessment of normality of personal cultural orientations for both groups

VARIABLE	MIN	MAX	SKEW	C.R.	KURTOSIS	C.R.
D15	1.000	7.000	-0.581	-4.622	0.179	0.712
D14	1.000	7.000	-0.704	-5.606	0.088	0.348
D13	1.000	7.000	-0.742	-5.908	0.339	1.349
D8	1.000	7.000	-1.330	-10.586	1.748	6.954
D6	1.000	7.000	-1.278	-10.171	1.098	4.369
D5	1.000	7.000	-1.224	-9.741	1.376	5.474
D3	1.000	7.000	-1.331	-10.591	1.950	7.760
D2	1.000	7.000	-1.312	-10.441	1.796	7.147
D1	1.000	7.000	-1.361	-10.831	0.923	3.674
Multivariate					88.901	61.580

In Table 3 the focus is on kurtosis values for interpretation. As depicted in the table, kurtosis positive values were between 0.088 and 1.950. All these values indicate univariate normal distribution of the items as the values were below 7, as recommended by Byrne (2010). An assessment of the normality of the personal cultural orientations for the local banks and foreign banks separately was also carried out as shown in Tables 4 and 5.

Table 4: Assessment of normality of personal cultural orientations for the local banks

VARIABLE	MIN	MAX	SKEW	C.R.	KURTOSIS	C.R.
D15	1.000	7.000	-0.581	-3.319	0.630	1.799

D14	1.000	7.000	-0.756	-4.319	0.628	1.796
D13	1.000	7.000	-0.426	-2.434	-0.226	-0.647
D8	1.000	7.000	-1.054	-6.022	0.872	2.493
D6	2.000	7.000	-0.968	-5.531	0.155	0.444
D5	3.000	7.000	-0.882	-5.040	-0.044	-0.125
D3	1.000	7.000	-1.248	-7.132	1.671	4.774
D2	1.000	7.000	-1.176	-6.721	1.470	4.201
D1	1.000	7.000	-1.207	-6.9	0.440	1.257
Multivariate					74.784	37.203

The findings indicate that the normal distribution of the personal cultural orientations item values can be assumed for both the local and foreign bank customers, and therefore it is appropriate to use maximum likelihood estimation for the estimation of model parameters.

Table 5: Assessment of normality of personal cultural orientations for the foreign banks

VARIABLE	MIN	MAX	SKEW	C.R.	KURTOS IS	C.R
D15	1.000	7.000	-0.639	-3.539	-0.117	-0.323
D14	2.000	7.000	-0.683	-3.783	-0.445	-1.231
D13	1.000	7.000	-1.040	-5.761	0.846	2.342
D8	1.000	7.000	-1.679	-9.298	3.106	8.601
D6	1.000	7.000	-1.601	-8.868	2.154	5.964
D5	1.000	7.000	-1.551	-8.588	2.713	7.512
D3	1.000	7.000	-1.429	-7.913	2.320	6.423
D2	1.000	7.000	-1.479	-8.190	2.284	6.323
D1	1.000	7.000	-1.546	-8.56	1.598	4.424
Multivariate					81.901	39.476

Measurement Invariance of personal cultural orientations

Table 6 presents the fit measures of the invariance testing results of the confirmatory factor analysis model of personal cultural orientations of customers across local and foreign banks. The unconstrained model, the measurement weights model and the measurement intercepts model were used to assess whether it could be assumed that the cultural orientation scale dimensions used, at the very least, possessed scalar invariance based on model fit criteria.

Table 6: Fit measures of the invariance testing of the personal cultural orientations model

Model	NPAR	CMIN	DF	P	CMIN/D F	AIC
Unconstrained	60	159.8	48	0.000	3.329	279.8
Measurement weights	54	164.3	54	0.000	3.042	272.3
Measurement intercepts	48	167.2	60	0.000	2.786	263.2
Structural means	45	172.4	63	0.000	2.737	262.4
Structural covariances	39	206.6	69	0.000	2.994	284.6
Measurement residuals	30	224.7	78	0.000	2.881	284.7
Saturated model	108	0	0			216.0
Independence model	36	1800.8	72	0.000	25.011	1872.8

In Table 6, the ratio of the chi-square to the degrees of freedom of the unconstrained model was 3.329; the measurement weights model had the value of 3.042, while the measurement intercepts model had the value of 2.786. Both the unconstrained model and the measurement weights model could therefore be marginally considered as plausible explanations in this model. The measurement intercepts model was slightly below the threshold point of 3, indicating the tenability of the model to the data according to Hu & Bentler (1999). In Table 7, the alternative fit measures are presented.

Table 7: Other fit measures of the model for personal cultural orientations

	Model	IFI	TLI	CFI	SRMR
M0	Configural Invariance	0.936	0.903	0.935	0.0480
M1	Metric Invariance	0.937	0.915	0.936	0.0525
M2	Scalar Invariance	0.938	0.926	0.938	0.0525
M3	Means Invariance	0.937	0.928	0.937	0.0529
M4	Factor variance and covariance invariance	0.921	0.917	0.920	0.0681
M5	Error variance invariance	0.915	0.922	0.915	0.0714
	Saturated model	1.000		1.000	
	Independence model	0.000	0.000	0.000	
	Model	RMSE A	LO 90	HI 90	PCLOS E
M0	Configural Invariance	0.079	0.065	0.092	0.000
M1	Metric Invariance	0.074	0.061	0.086	0.002
M2	Scalar Invariance	0.069	0.056	0.081	0.007
M3	Means Invariance	0.068	0.056	0.080	0.008
M4	Factor variance and covariance invariance	0.073	0.061	0.084	0.001
M5	Error variance invariance	0.071	0.060	0.081	0.001
	Independence model	0.252	0.242	0.262	0.000

Table 7 shows that for all the models, the values for IFI, TLI and CFI were above 0.90. The RMSEA was marginally acceptable with values ranging between 0.068 and 0.079. If the RMSEA is between 0.05 and 0.08, it is generally considered to indicate a reasonable fit of the model to the data (Hu and Bentler, 1999). The SRMR was also below 0.08 for all the models.

From the table of nested model comparisons in Table 8, it is clear that measurement weights, measurement intercepts and structural means are tenable models, suggesting that measurement invariance holds across the two samples. However, the structural covariances and the measurement residual models were not tenable based on the Chi-square difference test.

Table 8: Nested model comparisons of the first-order confirmatory factor analysis model of personal cultural orientations

Model	ΔDF	ΔCMIN	Sig.
Assuming model Unconstrained (M0) to be correct:			
Measurement weights	6	4.460	0.615
Measurement intercepts	12	7.342	0.834
Structural means	15	12.607	0.633
Structural covariances	21	46.761	0.001
Measurement residuals	30	64.929	0.000
Assuming model Measurement weights (M1) to be correct:			
Measurement intercepts	6	2.882	0.823
Structural means	9	8.147	0.519

Structural covariances	15	42.301	0.000
Measurement residuals	24	60.469	0.000
Assuming model Measurement intercepts (M2) to be correct:			
Structural means	3	5.265	0.153
Structural covariances	9	39.419	0.000
Measurement residuals	18	57.587	0.000
Assuming model Structural means (M3) to be correct:			
Structural covariances	6	34.153	0.000
Measurement residuals	15	52.322	0.000
Assuming model Structural covariances (M4) to be correct:			
Measurement residuals	9	18.168	0.033

Maximum likelihood parameter estimates of the scalar invariant model of personal cultural Orientations

Table 9 presents the maximum likelihood estimated regression weights and intercepts for the scalar invariant model, where means and intercepts are constrained equal across local and foreign banks. The values of the regression weights are all highly significant, and there are no cross-loadings, supporting convergent validity of the scale. The equal values for the regression weights and the intercept values for both groups of banks are due to the invariance restrictions that were imposed on the model. The coefficient values that are equal to one were constrained for the purpose of model identification, while their corresponding intercept values were constrained equal to zero.

Table 9: Maximum likelihood parameter estimates of personal cultural orientations

Items and latent variables	Regression weights		Intercept s	Standardised loadings	
	Local & Foreign	P	Local & Foreign	Local	Foreign
D1 <-- Tradition	1.000		0.000	0.869	0.874
D2 <-- Tradition	0.899	***	0.534	0.881	0.859
D3 <-- Tradition	0.682	***	1.700	0.690	0.642
D5 <-- Prudence	1.000		0.000	0.844	0.876
D6 <-- Prudence	0.980	***	0.181	0.772	0.820
D8 <-- Prudence	0.946	***	0.204	0.677	0.761
D13 <-- C_Innovativeness	1.000		0.000	0.776	0.797
D14 <-- C_Innovativeness	0.959	***	0.324	0.689	0.854
D15 <-- C_Innovativeness	0.764	***	1.011	0.559	0.635

The model implied means and model implied variances generated from the first-order confirmatory factor analysis of personal cultural orientations of each of the latent variables as depicted in Table 9 allows a comparative analysis between local and foreign banks operating in the Tanzanian banking industry. Mean values exhibited a number of interesting differences between the two groups of banks as these values for the foreign banks were consistently higher on all three dimensions when compared with the mean values for the local banks, although the differences between the means were not always significant.

Table 10: Estimated latent variable means and variances of personal cultural orientations

Latent variable	Means				Variances	
	Local	Foreign	Difference ¹	Sig.	Local	Foreign
Consumer Innovativeness	5.220	5.486	0.265	0.035	0.897	1.425
Prudence	5.947	6.108	0.161	0.144	0.879	1.066
Tradition	5.797	6.034	0.237	0.098	1.839	1.540

1: The difference was obtained in a model where scalar invariance was imposed by setting the measurement weights and intercepts in the model, as well as the structural weights and intercepts equal across groups. The means of the latent

variables in this model for the local banks were constrained equal to zero, whilst the latent means of the foreign banks were left to be freely estimated. The resulting significances were obtained from the mean estimates of this model for the foreign banks.

Table 10 shows that the mean score for consumer innovativeness was significantly higher for the foreign banks (5.486) than for the local banks (5.220) with ($p \leq 0.035$), confirming H1. The foreign banks' customers were on average significantly more innovative than local bank customers, as reflected in being more open to buying new or different products; and being more inclined to buying new products.

In terms of prudence, the mean score for the foreign banks was 6.108, which was slightly higher than the 5.947 of the local banks ($p \leq 0.144$), however, the difference is not significant. This result suggests that there were not significant differences between local and foreign banks' customers prudence, as reflected in planning for the future, working hard for success and not giving up easily after failing a first attempt. Therefore, there was no empirical support for H2.

Finally, the mean score of tradition for the local banks was 5.797, which was slightly lower than the mean score of 6.034 for the foreign banks ($p \leq 0.098$). These values suggest that, surprisingly, foreign banks' customers seemed to be slightly more aware of their traditional values than local banks' customers. Therefore, there was no support for H3. The estimated covariances and correlations are shown in Table 11. These values are useful for examining the interrelationships between the latent variables in the model shown in Figure 1.

Table 11: Estimated covariances and correlations of personal cultural orientations

			Covariances		Correlations	
			Local	Foreign	Local	Foreign
Tradition	<-->	Prudence	0.897	1.209	0.705	0.944
Tradition	<-->	Consumer Innovativeness	0.603	0.710	0.469	0.479
Prudence	<-->	Consumer Innovativeness	0.484	0.625	0.545	0.507

The highest estimated correlation between the latent variables for the foreign banks was 0.944, which is between tradition and prudence. When this correlation coefficient value is squared, it denotes that more than 89% of variance is shared between these two constructs for customers from the foreign banks, suggesting that these two dimensions seem to be perceived very similar in this sample. For the local banks, on the other hand, the same constructs had 50% shared variance, suggesting that local bank customers perceive these two constructs differently.

Table 12 presents values of the estimated squared multiple correlations in the model. When these values exceed the standard cut-off point of 0.20, it suggests that the items share sufficient variance with the other variables in the proposed model, and hence these indicator variables can be retained in the model (Hooper, Coughlan & Mullen, 2008). All the values of the squared multiple correlations of both local banks and foreign banks were higher than 0.20 and hence all of the items were retained in the model, indicating that the model was suitable for further examination.

Table 12: Error variances and squared multiple correlations of personal cultural orientations

Error Variances			Squared Multiple correlations		
Error term	Local	Foreign	Variable	Local	Foreign
ed1	0.597	0.475	D1	0.755	0.764
ed2	0.429	0.444	D2	0.776	0.737
ed3	0.940	1.021	D3	0.476	0.412
ed5	0.355	0.322	D5	0.712	0.768
ed6	0.573	0.499	D6	0.596	0.672
ed8	0.929	0.694	D8	0.459	0.579

ed13	0.592	0.819	D13	0.602	0.635
ed14	0.913	0.486	D14	0.475	0.729
ed15	1.149	1.233	D15	0.313	0.403

Convergent and discriminant validity of the confirmatory factor analysis model of personal cultural orientations and reliability of the measure

Following the approach suggested by Fornell and Larcker (1981), the evaluation of the measurement model of the composite reliability, which should ideally be over 0.5, and the average variance extracted is presented in Table 14 for the three-dimensional measure of personal cultural orientation. When AVE is more than the maximum correlation with the remaining constructs, discriminant validity is supported (Fornell and Larcker, 1981). From Table 13, the results show that convergent validity is supported for all the constructs, since CR is larger than 0.5. Discriminant validity is not clearly supported for all the constructs, showing that the dimensions tradition and prudence for foreign bank customers are not clearly supported. However, since there are from a conceptual perspective a clear distinction between the concepts of tradition and prudence, the finding may be sample specific, and there may be another underlying reason for this lack of discrimination, in that for this specific sample of foreign bank customers in Tanzania, the relationships between a traditional cultural orientation and prudence are high.

Table 13: Assessment of the convergent and discriminant validity of the first-order confirmatory factor analysis model of personal cultural orientations

	Average variance extracted		Max (R2)	
	Local	Foreign	Local	Foreign
Tradition	0.505	0.497	0.497	0.891
Prudence	0.488	0.571	0.497	0.891
C_Innovativeness	0.344	0.411	0.297	0.257
	Convergent validity		Discriminant validity	
	COMPOSITE RELIABILITY		(AVE) / Max(R2)	
	Local	Foreign	Local	Foreign
Tradition	0.752	0.744	1.016	0.557
Prudence	0.739	0.799	0.981	0.641
C_Innovativeness	0.607	0.673	1.157	1.597

In order to evaluate the internal consistency reliability of each factor, Cronbach's coefficient alpha was calculated for each dimension, and the results are provided in Table 14.

Table 14: Reliability analysis of constructs in the confirmatory factor analysis model of personal cultural orientation

Personal cultural orientation dimension	Items	Cronbach's alpha		
		Local	Foreign	Both
Tradition	D1, D2, D3	0.853	0.835	0.846
Prudence	D5, D6, D8	0.801	0.855	0.830
Consumer Innovativeness	D13, D14, D15	0.693	0.815	0.767

All dimensions of personal cultural orientation	D1, D2, D3, D5, D6, D8, D13, D14, D15	0.844	0.880	0.865
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When the Cronbach's alpha of both banks are considered, the first construct, tradition, had the highest Cronbach's coefficient alpha value of 0.846; the lowest was for consumer innovativeness which had a Cronbach's coefficient alpha value of 0.767. The Cronbach's coefficient alpha value for the entire scale, when all these dimensions are combined, is 0.865. The Cronbach's coefficient alpha values indicate that the measurement instrument was reliable and therefore suitable for further analysis.

The research objective was to compare personal cultural orientations of customers of local banks and customers of foreign banks. Differences between the two groups of customers under examination in their cultural orientation and values may affect how they perceive the corporate reputation of their banks.

According to Sharma (2010), prudent versus traditional cultural orientations can also be referred to as long term against short term cultural orientations. Studies indicate that customers who exhibit prudent cultural values tend to purchase long term universal products and services because of being sure of their sustainability; they always try to form sustainable relationships with these products and services (De Mooij & Hofstede, 2002). Customers with prudent behavior tend to be better at managing their financial expenses, as seen in their low expenditure levels (Soares, et al., 2007). In this they differ from customers who hold traditional values.

Moreover, prudent customers are more flexible in their purchase decisions, ready to adapt to changes that might be happening in their surroundings (Franke, et al., 1991). These long-term customers are usually more innovative in their daily purchases, which forces business firms to be constantly developing new products to meet their dynamic demands (Van Everdingen & Waarts, 2003). They are also quick to raise complaints in situations where the service providers fail to meet their expectations (Hui & Au, 2001; Poon, et al., 2004). In Tanzania, both short- and long-term orientations are prevalent, with the majority of educated individuals tending to plan for the future.

Finally, Sharma (2010) argues that consumer innovativeness is closely associated with customers being able to withstand uncertainties about the future. These customers tend to be more ready to buy products which have just been introduced than to buy old products.

Comparisons between the cultural orientations of local banks customers versus foreign banks customers focused on differences between prudent and traditional values and on customers' openness to innovation.

From Table 10, it is interesting to note that on average, foreign bank customers were slightly more traditional than that of local bank customers ($p < 0.098$). Although customers of the foreign banks were on average slightly more 'prudent' than those of local banks, the differences are not significant ($p > 0.144$). Lastly, on average, the consumer innovativeness of foreign customers were significantly higher than that of local customers ($p < 0.035$).

Managerial implications

Bank managers of both groups of banks should have a very clear understanding of the culture of their customers. This is because customers' cultural orientations have been seen to influence how customers perceive banks' service performance. Multinational business firms, in this case foreign banks, may face challenges in the cultural set up within the countries in which they want to operate. That being the case, it is important for their managers to recognize that the cultural landscape of a particular country, in our case Tanzania, may have an impact on the banks' prospects of creating customer satisfaction and loyalty. They need to devise marketing strategies that are tailored to this specific banking industry.

Suggestions for future studies

The results of the personal cultural orientations measurement model did not find major differences based on the latent means scores of local and foreign bank customers. These small differences across the two groups could be attributed to the Tanzanian population having a very homogenous cultural disposition, and this may explain the rather small differences. Should the study be replicated in Tanzania, such studies should target specific groups, for example black Tanzanians, Tanzanians-Indians, Tanzanians-Arabs and the resident white population.

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