**CHAPTER V**

**FINDINGS**

**5.1 Introduction**

This chapter depicts the findings from the MARKOR questionnaire conducted withthe Near East Bank employees and the analysis of the Bank’s financial statements and the considerations of the Bank’s managers as to the performance of their company. The major findings of all the empirical results are also listed in this chapter.

**5.2 Realisation rate**

For the purposes of this study a simple random sampling method was opted as described in the previous chapter. A total of 100 employees of the Near East Bank were approached who were considered relevant to the rationale of this study after a lengthy discussion with the Bank’s human resources personnel.

Out of the 100 questionnaires sent to the selected employees in random a total of 80 questionnaires were sent back and were considered as acceptable. The realisation size was satisfactory as it had reached a sample a sample size that provides 95% confidence level.

**5.3 Reliability**

Cronbach's\alpha(alpha)as coefficient of internal consistency was used to estimate the reliabilityof the responses. A rate of 68% was achieved which regarded as sufficient in social sciences (Sekaran, 2003)

**5.4 The personal details of the respondents**

The first part of the questionnaire was on the personal details of the respondents. The results are as follows:

**5.4.1 Gender**

Out of the 80 respondents, a total of 52 were female as represented in Table 5.1 below:

Table 5.1 Composition of Gender of Near East Bank Employees:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Gender | Frequency | Per cent | Valid Per cent | Cumulative Per cent |
| Male | 28 | 35.0 | 35.0 | 35.0 |
| Female | 52 | 65.0 | 65.0 | 100.0 |
| Total | 80 | 100.0 | 100.0 |  |

**Major finding: The majority of the employees at the Near East Bank is female.**

**5.4.2 Age**

The age of the respondents were classified into four age groups. The results revealed the following:

Table 5.2 Age groups of the Near East Bank Employees

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Age group | Frequency | Per cent | Valid per cent | Cumulative per cent |
| 18-24 | 10 | 12.5 | 12.5 | 12.5 |
| 25-29 | 42 | 52.5 | 52.5 | 65.0 |
| 30-44 | 17 | 21.3 | 21.3 | 86.3 |
| 45 and above | 11 | 13.8 | 13.8 | 100 |
| Total | 80 | 100.0 | 100.0 |  |

**Major finding: A 65% of the Near East Bank employees are under 29 years of age.**

**5.4.3 Years of working in organisation**

Near East Bank is a young company in that it has been in operation for just over a decade. Its growth in the last couple of years has been rapid as described by its management. A fact, that can easily seen in the table below which shows that over an 80% of the employees have only been with the bank for the last two years.

**Table 5.3 Years of working in the organisation**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Frequency | Per cent | Valid per cent | Cumulative per cent |
| 0-2 | 39 | 48.8 | 48.8 | 48.8 |
| 2-4 | 28 | 35.0 | 35.0 | 83.8 |
| 4 and above | 13 | 16.3 | 16.3 | 100 |
| Total | 80 | 100.0 | 100.0 |  |

**Major finding: A great majority of the employees has only two years of experience working at the Near East Bank.**

**5.4.4 Current job position**

The job positions were distributed equally amongst the employees except the position of the cashier which was hold by almost a 50% of the employees.

5.4 Current job position

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Frequency | Per cent | Valid per cent | Cumulative per cent |
| Branch manager | 10 | 12.5 | 12.5 | 12.5 |
| Customer representative | 16 | 20.0 | 20.0 | 32.5 |
| Operation officer | 12 | 15.0 | 15.0 | 47.5 |
| Cashier | 42 | 52.5 | 52.5 | 100.0 |
| Total | 80 | 100.0 | 100.0 |  |

**Major finding: Half the employees of the Near East Bank hold a cashier’s position.**

**5.5 Market orientation at the Near East Bank**

As explained in the previous chapter the MARKOR scale was adapted with 10 attitude statements and these statements were presented to 100 employees out of which 80 responses were regarded as fit to purpose.

**Table 5.5 Market orientation at Near East University**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Statement no |  | No | Mean | Std. deviation | Std. Error mean |
| 1 | In this organisation, we meet with customers at least once in a year to find out which product or service they will need in future | 80 | 1.61 | .665 | .074 |
| 2 | In this organisation, we do a lot of in-house marketing research | 80 | 1.61 | .703 | .079 |
| 3 | We are slow to detect changes in our customers preferences | 80 | 4.33 | 1.003 | .112 |
| 4 | We survey end users at least once a year to assess the quality of our product and services | 80 | 1.69 | .628 | .070 |
| 5 | We periodicallyreviewlikely effect of changes in our businessenvironment (e.g.regulations) on customers | 80 | 1.49 | .503 | .056 |
| 6 | We have interdepartmentalmeetingat least once a quarter to discussmarketing trends and development | 80 | 1.44 | .499 | .056 |
| 7 | Marketingpersonnelin our organisation spend timediscussing customers future needs with other functional department | 80 | 1.45 | .501 | .056 |
| 8 | Several department get together periodically to plan a response to changes taking place in our marketingenvironment | 80 | 1.36 | .484 | .054 |
| 9 | If a major competitor were to launch a major campaign targeted at our customers, we would implement a response immediately. | 80 | 1.56 | .548 | .061 |
| 10 | The activities of the different department in this business are well coordinated | 80 | 1.29 | .482 | .054 |
| X2/N |  |  | 1.783 |  |  |

The mean result was 1.783 on a 5-point Likert Scale were 1 meant “I totally agree” and “5” meant “I totally disagree”. In other words, an average respondent agrees that the Near East Bank is a market-oriented organisation. The only anomalous response appeared as the statement 3 which recorded a response of value 4.33 disagreeing with the statement: “We are slow to detect changes in our customers’ preferences”. However, this was a statement constructed in reverse order; therefore, it should be regarded as another agreement with the suggestion that this organisation is market-oriented.

**Major finding: Near East Bank employees agree that the bank is a market-oriented organisation.**

**5.6 Market/ Financial Based Performance of Near East Bank**

The following tables and analysis depict the findings on the financial and market-based performances of the Near East Bank. Figures are obtained from the income statements and balance sheets of the Bank between the years 2009 and 2012. The figures for the market size (as contributions of financial institutions to GDP) were obtained from the TRNC State Planning Office (2009).

**Table: 5.6 financial summaries (Near East Bank)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **(Turkish Liras)** | **2009 (base)** | **2010** | **2011** | **2012** |
|  |  |  |  |  |  |
| A | Total Interest and dividend income | 21,456,880 | 24,391,162 | 29,109,078 | 33,502,811 |
| B | Total Interest expenses | 17,626,156 | 15,390,874 | 16,908,257 | 22,010,704 |
| C | Interest income and dividend net | 3,830,724 | 9,000,288 | 12,200,821 | 11,492,107 |
| D | Total Non-interest income | 12,202,597 | 7,837,810 | 12,850,173 | 11,519,300 |
| E | Total Non-interest expenses | 20,677,615 | 11,299,871 | 16,708,777 | 20,752,137 |
| F | Non-interest income and expenses net | -8,475,018 | -3,462,061 | -3,858,604 | -9,232,837 |
| G | Income (loss) before income tax | -4,644,294 | 5,538,227 | 8,342,217 | 2,259,270 |
| H | Assets | 199,255,890 | 227,990,940 | 292, 968, 167 | 376, 934,477 |
|  |  |  |  |  |  |

**Table: 5.7 financial performance ratios (Near East Bank)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Financial-based performance:** | 2009 | 2010 | 2011 | 2012 |
| Income on assets (G/H %) | -23% | 24.3% | 28.5% | 59.1% |
| Net interest Income/ Total interest income C/A %) | 17.9% | 36.9% | 41.9% | 34.3% |
| Net noninterest income/ Total non-interest income (F/E %) | -41.0% | -30.6% | -23.1% | -44.5% |

**Findings**

Both the total interest and non-interest income records showed a steady increase between the years 2009 and 2012. A parallel trend also existed with the income/assets ratio. Similarly, the net interest/ total interest ratio showed an increase where the ratio in 2009 doubled in 2012. A loss was observed in the non-interest income and its ratio. A detailed look in to the income statements of the bank indicated the personnel expenses as the cause of this. This should not be regarded, however, as underperformance for Near East Bank has grown rapidly for the last four years opening new branches where the recruitment of new personnel was necessary.

**Major finding**: **The financial performance of Near East Bank is rising steadily. The return on total Interest and dividend income has doubled over the last four years.**

**Table: 5.8. Market based performance (Near East Bank)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Market-based performance:** | 2009 | 2010 | 2011 | 2012 |
| Market size | 3,884,217,324 | 4,043,709,697 | - | - |
| Market size growth index | 1 | 1.04 | - | - |
| NE Bank total interest and dividend income | 21,456,880 | 24,391,162 | 29,109,078 | 33,502,811 |
| NE Bank total interest and dividend income growth Index | 1 | 1.14 | 1.36 | 1.56 |
| Market growth % | 8.5% | 4.1% | - | - |
| Market share % | 0.55% | 0.60% |  |  |

**Findings**

Market-based performance made above compares the company’s income trends to those of the market. Only two years of market size information was available. While the market grew by 4% from 2009 to 2010, the Near East Bank grew by a remarkable 14%. By the year 2012, the Bank enjoyed an income growth of 56%. Similarly, the market share was on the growth between 2009 and 2010.

**Major finding: The market performance of the Bank between the years 2009-2012 looked good as the growing market share and the expansion of income above the market growth rates reflected.**

**5.7 Performance of Near East Bank as viewed by its Management.**

It was evident both at the introductory meeting and the promotional literature that Near East Bank considered itself a high performing company. The managers spoken also suggested that the Near East Bank is:

* the country’s first local bank that opened a regional representative office in Turkey.
* the fastest-growing commercial bank in Northern Cyprus (2011 and 2012) among banks with assets of over €300 million.

In addition, CEO KozanKarakurt put in action a dedicated plan for the bank focusing on services and innovation (NE Bank Website, 2013). He has been recorded saying:

***“I have restructured the bank by product and business into a kind of matrix where products are serving businesses and both are measured by their performance against set goals.When we launched private banking a year ago, people laughed, but every day we are attracting more and more private-banking customers. Our three private banking specialists know the business inside and out and we now offer derivatives, funds and gold as investment tools. We will continue to develop new private-banking services in the future.”***

**Major findings:**

Near East Bank is a young growing company. It is regarded as successful by its management on the grounds that:

* It has been the fastest growing bank in Northern Cyprus during the period 2011 and 2012.
* I t was the first Turkish Cypriot commercial bank opening an overseas branch in Turkey.

**5.8 Conclusion**

This chapter presented a list of the major findings based on the empirical research findings of this study. The next chapter will discuss the findings and offer answers to the original research questions set in chapter one.