

STUDY OF SOCIAL CULTURAL ENVIRONMENTAL PHENOMENOLOGY ON CREDIT DECISION MAKING AT BANK CENTRAL ASIA TBK OFFICE REGION II SEMARANG

Fransiska Intan Kumalasari¹, I Made Bayu Dirgantara²

^{1,2} Magister Manajemen Universitas Diponegoro

Email: imadebdirgantara@lecturer.undip.ac.id

Abstract: The purpose of this study is to examine and analyze the influence given by reference groups that can have an impact on credit decision making of prospective debtors at BCA Kanwil II Semarang, examine and analyze the influence of family can have an impact on credit decisions of prospective debtors at BCA Kanwil II Semarang, examine and analyze the impact of proximity to bank officers on debtor credit decision making at BCA Kanwil II Semarang, examine and analyze the impact of advances in banking technology on debtor credit decision making at BCA Kanwil II Semarang. This type of qualitative research was chosen by researchers to get a better understanding of the influence of credit decision making at Bank BCA Regional Office II. This study will use a phenomenological approach. This approach is in accordance with the focus of the problem, questions and research objectives of this study. The subjects that will be used in this study are customers who have loans at Bank Central Asia, Tbk Regional Office II Semarang. `

Keywords: *Group Reference, Family Influence, Closeness to Bank Officers, Impact of Technological Advances, Credit Decision Making*

INTRODUCTION

In the last ten years, the development of the global and Indonesian banking industries has experienced rapid progress. Many companies engaged in this industry compete with each other to become a leading banking institution. Information technology such as ATM, Internet banking, Mobile banking, EDC, and other banking services has progressed quite rapidly in offering a variety of innovative services to customers. This has an impact on the progress of banking facilities, where the banking industry is competing to continue to improve technology in providing the best service for its customers. This is often the basis for customer considerations in deciding which bank they will use for financial activities. The selection of banking institutions is often difficult for some people. As revealed by Park & Sela, (2018) in their research on why someone often feels reluctant to be actively involved in making financial decisions that involve investing, saving, and debt management. Factors that drive a person to feel afraid in making financial decisions (1) lack of adequate knowledge about financial products and services, financial illiteracy makes it difficult for consumers to understand and choose between financial options and alternatives (2) financial products and instruments have grown increasingly complex and sophisticated (3) the tendency of partners who are used to work together have different skills.

Kamakodi, Basheer & Khan, (2015) said that the factors that can encourage customers to make decisions about choosing a banking institution are the security of funds, ATMs that are safe and available in many places, bank reputation, personal attention from bank officers to customers, staff manners, bank secrecy, proximity to bank officers, timely service and friendly staff at work. The same thing was conveyed by Childers & Rao, (1992) in a previous study which stated that the main factor in choosing a bank is the convenience factor, if someone is comfortable and protected then someone will be difficult to take over. In addition, the influence of parents, group influence, and peer influence on purchasing decisions has a specific influence on purchasing decisions.

The reasons customers make credit decisions can be categorized into rational and irrational. According to standard economic theory, consumers will act rationally in making consistent, even predictable, purchasing decisions based on their own self-interest. Reasons such as charging interest and fees are considered rational because interest and fees have a direct effect on company profits. Meanwhile, according to Ariely & Jones, (2008) consumers can also act irrationally. Ariely explained that humans often act irrationally in making decisions, including when they act as consumers. Consumers are basically able to make decisions and are able to give logical considerations in carrying out daily purchasing activities. But it is unavoidable, it turns out that consumers often behave irrationally in various ways. In this study, researchers will investigate the phenomenon of irrational credit decision making at the BCA Semarang Regional Office. The Semarang regional office covers all cities in Central Java and the Special Region of Jogjakarta. Like other regions in Indonesia, the Central Java region and the Special Region of Jogjakarta have different cultural features. According to Petersen, Kushwaha, & Kumar, (2015) in his research, he explained that national culture and regional culture can influence a person's behavior, as well as in financial decision making and consumer behavior. Furthermore, this research question can be formulated as follows:

1. How can group references influence prospective debtors in making credit decisions?
2. How can families influence prospective debtors in making credit decisions?
3. How can proximity to bank officers influence debtors in making credit decisions?
4. Can the development of banking technology influence debtors in making decisions?

Literature review

Consumer behavior

Consumer behavior has been defined as the study of various processes that involve individual or group behavior in selecting, buying, using, and disposing of products, services, or ideas and experiences to satisfy innate needs and wants (Solomon, 2018, p. 15). Consumer behavior can be affected from the motives, perceptions, attitudes, experiences, concepts, values that are owned by the consumers themselves or because of the influence of other individuals or groups. A similar opinion is conveyed by Kotler & Keller, (2016, p. 179) which states that consumer behavior is the study of how individuals, groups, and organizations in the process of choosing, buying, using and disposing of goods, services, ideas, or experiences to find satisfaction from consumer needs and wants.

Buying decision

Voramontri & Klieb, (2019) stated that customer decision making can be defined as a pattern of behavior for the acquisition of products or services, the buying process can occur if consumers have made a decision to buy. Nolcheska, (2017) states that consumer social interactions have a major influence on purchasing decisions, ranging from problem

recognition, search for relevant information, evaluation of alternatives, final purchase decisions, and post-use satisfaction. Social interaction helps consumers get information that is considered appropriate to their needs. In the second stage of consumer decision making according to Kotler & Keller, (2018, p. 193) is information seeking. Consumers may simply increase attention or perform an active search for information.

The Irrationality of Consumer Behavior

Irrationality in consumer behavior can have a major influence on buying behavior. Consumers in economic decisions are normally motivated by facts. They can consider these facts fairly so that they appropriately get the maximum benefit in the economic actions they take (Ariely & Jones, 2008). Likewise, in the buying decision-making process, they will play a role as an assessment of adequate and relevant information and of efforts to maximize value with the smallest cost. Ariely & Jones, (2008) in their research said that consumer behavior in decision-making is often irrational, during the decision-making process, consumers are often influenced by many people and various conditions.

Their decision-making process is very rational in terms of cost and quality oriented. All marketing stimuli may be perceived by them as less rational and emotionally oriented, leading to the respondent's desire to perceive and present their feelings, behaviors and activities in a pure, reasonable and totally impartial manner (Rybaczewska et al., 2020a)

Influence of Socio-Cultural Environment

Culture is an important concept for understanding consumer behavior, because culture evolves often with human growth. Understanding the direct impact of the socio-cultural environment and economic conditions that influence consumer behavior differences across regions and countries has been the focus of much marketing research. Fernandes S., & Panda R, (2019) in their research said that the social environment, including the influence of reference groups such as friends, family, and coworkers, among others, can influence the social decision-making process of consumers. The concept of consumer behavior as a social phenomenon explains the conspicuous decision-making process in which consumers consume products that have symbolic value attached to them. Therefore, consumers adjust to social norms or group behavior. Such external influences influencing social cues have been identified as reference groups (Gergen, K. J., 1988).

Reference Group in Decision Making

As a consequence of the history of human evolution, humans are social creatures. Each individual cannot live independently of others, but they live in a social environment. Every individual wants to be accepted by others and often compares himself with others for prestige and ownership by consuming certain products or brands (Hammerl, Dorner, Foscht, & Brandstätter, 2016). Therefore, consumers do not act independently of their social environment. Vulnerability to social influence and high group relevance has evolutionary roots and is a universal human characteristic. (Hammerl et al., 2016).

Family Influence in Decision Making

The influence of family-based purchasing decisions has cross-cultural variations that reflect different types of families, this depends on the influence of families in individual consumption decisions. Consumer socialization theory suggests that as children grow up and become consumers, cognitive and social stimuli depend on their age and family structure (Hota & Bartsch, 2019).

Communication within the family can influence brand preference and loyalty, information seeking and checking patterns, media dependence, price sensitivity, and adherence to price-quality beliefs (Rao, Childers, & Dutta, 1991). Supporting this statement

in their research (Hota & Bartsch, 2019) they convey the function of parents, peers and social media as agents of socialization and is a social environment where children learn to become consumers.

Influence of Loan Officers as Marketing Personnel

Human resources, in this case, marketing personnel, emphasize the image of the employer as a strong asset for the company's operations. Marketing personnel are intangible factors that have the potential to influence consumer purchasing decisions. (Rybaczewska, Sparks, & Sułkowski, 2020b) concludes that aspects of human resources, namely workers, are the company's image and the services provided by workers affect buyer choice and satisfaction, and this is able to broaden our understanding of consumer purchasing decisions. The findings of this study are also in line with (Lee & Shin, 2010) which states that the social contribution of the company in this case the company's workers and the contribution of the local community affect consumers' purchase intentions. The contribution of workers in stimulating consumer choice and satisfaction by building and strengthening a positive image of the company as an employer. This is reinforced by research (Anselmsson, 2016) on the interdependence between brand equity and Human Resource management.

Research Methods

This type of qualitative research was chosen by the researchers to get a better understanding in seeing the influence of credit decision making at Bank BCA Regional Office II. Where this research is expected to produce findings that can provide a meaningful understanding and interpretation of a phenomenon of human behavior interaction under certain conditions seen from the perspective of the researcher. Qualitative research aims to explore the object under study in more depth by asking open-ended questions. In this study, a phenomenological approach will be used. This approach is in accordance with the focus of the problem, questions and research objectives of this study. The phenomenological approach is a focused exploration of how humans understand experience and undergo transformation to reach awareness, both individually and collectively (Patton, 2014). Phenomenology, which is applied as a research method, aims to find the nature or essence of experience. The goal is to understand experience as it is realized. The phenomenological approach requires capturing and describing methodologically, carefully and thoroughly about some of the phenomena experienced by a person. To collect this data, one must conduct in-depth interviews with people who have directly experienced the phenomenon of "life experience." The subjects used in this study are customers who have loans at Bank Central Asia, Tbk Regional Office II Semarang, which is managed by Commercial Business Center business unit, where the customer has a loan of between 15 billion Rupiah to 500 billion Rupiah.

Results and Discussion

Participants in this study are customers who have loans at Bank Central Asia, Tbk Regional Office II Semarang, which is managed by the Commercial Business Center business unit. The customer has a loan between 15 billion rupiah to 500 billion rupiah. Participant I1, male, 41 years old, has a high school education. Been a customer since 1998. He started as a customer when he used BCA at work. Participant I2, male, aged 67 years and has a bachelor's degree. Being a customer since the 1990s because of the introduction of business partners. Participant I3, male, 33 years old and has a master's degree in education. Being a customer since 2000 through a business partner.

Group Reference Effect

Business people usually have groups where they share business experiences, including credit financing. The group also provides experience and knowledge to each other, although

not all. According to Hammerl et.al (2016) individuals want to be accepted in their group so they tend to follow what the people in their group choose. The participants also recommended BCA to their families. Participant I1 said, “I introduce the AO who handles me to my child, and inform my AO if for example my child has a need to buy a house or wants to buy a car like that. Later my son and the AO will let us talk on our own. Or if there are distant relatives who ask me about credit, I will tell them that I took it at BCA under these conditions. I immediately gave my AO number to them”.

Influence of Bank Officer

Purchasing decisions according to Rybaczewska, et.al (2020) have the potential to be influenced by marketing personnel, which in banking is given the term bank officer. Customers usually have a good relationship with the account officer. As participant I1 shared his experience, “I have known my AO for a long time, in the 90s when I started my own business. In the past I was helped with credit although it was not big but it really helped the development of my business. Then in the '98s I went bankrupt so I had problems with the bank but I still have a good relationship with my AO. Until 2015 the business had recovered, I needed more credit, the AO was still helping me even though I had problems before. I also often ask for opinions if I need financial information even though it is not related to banks, such as wanting to take property in a certain area, I often ask my AO whether the property is good, is the price suitable.

Conclusion

The results of data analysis can be concluded about the pattern of influence of the socio-cultural environment on purchasing decisions and the form of experience from consumers. The Socio-Cultural Environment plays a role in shaping customer preferences in making credit decisions. Reference groups, family and proximity to bank officers which are aspects of the socio-cultural environment can influence debtors in making credit decisions. Participants who were interviewed came to the following conclusions. Customers as business people usually have groups related to their business. In this group, taking credit at a bank became one of the topics of discussion. The group reference is quite perceived by the customer and several times affects the taking of credit at a bank.

Managerial Implications

Based on the results of the study, it is necessary to take steps to improve aspects of the socio-cultural environment in terms of reference groups, families and official accounts. Groups formed based on common interests will tend to refer to one another. The company needs to improve its approach to customers to find out what they want. This is to be able to compete with other companies that are referenced in the group. Group references can be increased by providing facilities for those who refer to their groups.

Daftar Pustaka

- Anselmsson, J. (2016). Effects of shopping centre re-investments and improvements on sales and visit growth. *Journal of Retailing and Consumer Services*, 32, 139–150.
- Argo, J. J., & Dahl, D. W. (2020). Social Influence in the Retail Context: A Contemporary Review of the Literature. *Journal of Retailing*, 96(1), 25–39. <https://doi.org/10.1016/j.jretai.2019.12.005>
- Ariely, D., & Jones, S. (2008). *Predictably irrational*. Harper Audio New York, NY.
- Best, R. J., Hawkins, D. I., & Mothersbaugh, D. L. (2007). *Consumer behavior: Building marketing strategy*. McGraw-Hill.
- Childers, T. L., & Rao, A. R. (1992). The Influence of Familial and Peer-Based Reference

- Groups on Consumer Decisions. *Journal of Consumer Research*, 19(2), 198. <https://doi.org/10.1086/209296>
- Creswell, J. W. (2014). A concise introduction to mixed methods research. SAGE publications.
- De Mooij, M. (2019). Consumer behavior and culture: Consequences for global marketing and advertising. SAGE Publications Limited.
- Denzin, N. K., & Lincoln, Y. S. (2008). Introduction: The discipline and practice of qualitative research.
- Djarmiko, T., & Pradana, R. (2016). Brand image and product price; Its impact for Samsung smartphone purchasing decision. *Procedia-Social and Behavioral Sciences*, 219, 221–227.
- DU Wei-Qiang, Y., & ZHAO, P. (2009). The influence of different kinds of reference groups on self-brand connections. *Acta Psychologica Sinica*, 41(02), 156–166.
- Fernandes S., & Panda R. (2019). Influence of social reference groups on consumer buying behavior: A review. *Journal of management research*.
- Gergen, K. J., (1988). Narrative and the self as relationship. In *Advances in experimental social psychology* (Vol. 21, pp. 17-56).
- Hammerl, M., Dorner, F., Foscht, T., & Brandstätter, M. (2016). Attribution of symbolic brand meaning: The interplay of consumers, brands and reference groups. *Journal of Consumer Marketing*, 33(1), 32–40. <https://doi.org/10.1108/JCM-12-2014-1243>
- Hota, M., & Bartsch, F. (2019). Consumer socialization in childhood and adolescence: Impact of psychological development and family structure. *Journal of Business Research*, 105, 11–20. <https://doi.org/10.1016/j.jbusres.2019.07.035>
- Huberman, M., & Miles, M. B. (2002). *The qualitative researcher's companion*. Sage.
- Indriantoro, N., & Supomo, B. (1999). Metodologi penelitian bisnis untuk akuntansi dan manajemen. Bpfe.
- Jin, H., & Miao, Y. (2018). Research on the Influence of Reference Group Types on Consumers' Purchase Decisions from the Perspective of Social Networks. *Proceedings of the 2018 2nd International Conference on Management, Education and Social Science (ICMESS 2018)*. Presented at the 2018 2nd International Conference on Management, Education and Social Science (ICMESS 2018), Qingdao, China. <https://doi.org/10.2991/icmess-18.2018.237>
- Kamakodi, N., & Khan, B. A. (2015). An insight into factors influencing bank selection decisions of Indian customers. *Asia Pacific Business Review*, 4(1), 17–26.
- Kotler, P., Armstrong, G., Ang, S. H., Leong, S. M., Tan, C. T., & Ho-Ming, O. (2012). *Principles of marketing: An Asian perspective*. Pearson/Prentice-Hall.
- Kotler, P., & Keller, K. L. (2016). Marketing management. Global ed. Harlow, England: Pearson Education Limited.
- Kotler, P., Keller, K. L., Ang, S. H., Tan, C. T., & Leong, S. M. (2018). *Marketing management: An Asian perspective*. Pearson.
- Lee, K.-H., & Shin, D. (2010). Consumers' responses to CSR activities: The linkage between increased awareness and purchase intention. *Public Relations Review*, 36(2), 193–195.
- Marshall, C., & Rossman, G. B. (2006). Data collection methods. *Designing Qualitative Research*, 2.
- Mittal, C., Griskevicius, V., & Haws, K. L. (2020). From Cradle to Grave: How Childhood

- and Current Environments Impact Consumers' Subjective Life Expectancy and Decision-Making. *Journal of Consumer Research*, ucaa003. <https://doi.org/10.1093/jcr/ucaa003>
- Moleong, L. J. (2007a). Metode penelitian kualitatif.
- Moleong, L. J. (2007b). Metodologi penelitian kualitatif edisi revisi. *Bandung: PT Remaja Rosdakarya*, 103.
- Nolcheska, V. (2017). The influence of social networks on consumer behavior. *Cataloging-In-Publication Data*, 95.
- Patton, M. Q. (2002). Two decades of developments in qualitative inquiry: A personal, experiential perspective. *Qualitative Social Work*, 1(3), 261–283.
- Patton, M. Q. (2014). *Qualitative research & evaluation methods: Integrating theory and practice*. Sage publications.
- Perreau, F. (2014). *The Consumer Factor, The Consumer Buying Decision Process*.
- Petersen, J. A., Kushwaha, T., & Kumar, V. (2015). Marketing communication strategies and consumer financial decision making: The role of national culture. *Journal of Marketing*, 79(1), 44–63.
- Rahadian, L. (n.d.). *Bank Mulai Genjot Pendapatan Nonbunga*. Retrieved from <https://finansial.bisnis.com/read/20191202/90/1176991/bank-mulai-genjot-pendapatan-nonbunga>.
- Rao, A. R., Childers, T. L., & Dutta, S. (1991). *Theoretical perspectives on intergenerational influences in consumer behavior*. Working paper, Department of Marketing, University of Minnesota, 271 19th
- Rybczewska, M., Sparks, L., & Sułkowski, Ł. (2020a). Consumers' purchase decisions and employer image. *Journal of Retailing and Consumer Services*, 55, 102123.
- Rybczewska, M., Sparks, L., & Sułkowski, Ł. (2020b). Consumers' purchase decisions and employer image. *Journal of Retailing and Consumer Services*, 55, 102123. <https://doi.org/10.1016/j.jretconser.2020.102123>
- Schiffman, L. G., Kanuk, L. L., & Brewer, S. W. (2014). *Consumer behaviour: Global and Southern African perspectives*. Pearson.
- Solomon, M. (2018). *Consumer Behaviour: Buying, Having Being* EBook. P. Ed Australia.
- Taufique, K. M. R., & Vaithianathan, S. (2018). A fresh look at understanding Green consumer behavior among young urban Indian consumers through the lens of Theory of Planned Behavior. *Journal of Cleaner Production*, 183, 46–55.