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PERCEIVED FIRM TRANSPARENCY: MODEL DEVELOPMENT AND EVALUATION

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Perceived Firm transparency: Model Development and Evaluation

Algılanan Firma Şeffaflığı: Model Geliştirme ve Değerlendirme

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LIST OF ABBREVIATIONS

AMA	American Marketing Association
SEM	Structural Equation Modeling
B2B	Business to business
B2C	Business to consumer
BRQ	Brand Relationship Quality
CRM	Customer relationship marketing
GRI	The Global Reporting Initiative
KALDER	Quality Association of Turkey (Türkiye Kalite Derneği)
NGO	Non-governmental organization
TEİD	Ethics and Reputation Society (Türkiye Etik ve İtibar Derneği)
TKYD	Corporate Governance Association of Turkey (Türkiye Kurumsal Yönetim Derneği)
WOMMA	Word of Mouth Marketing Association

ABSTRACT

Transparency of organizations today is a hygiene requirement which consumers expect form the companies they deal with mainly because of the strong emphasis given to the organization's dialogue and communication with the customers. The concept of transparency has been analyzed in many different literatures and under business-to-business (B2B) and business-to-consumer (B2C) contexts. Researchers have worked on finding a "transparency" definition, establishing a measurement model and testing the related constructs (antecedents and consequences). The purpose of this dissertation is to evaluate and develop the model designed by removing unproven hypothesis of the Dapko (2012) research and adding in new constructs, which are believed to be affected by a consumer's perception of a firm's transparency. This dissertation investigates the related constructs through the perspective of the consumer. The study analyzes the antecedents of firm transparency (consumer effort and firm reciprocity) and the effects of consumers' perceived firm transparency on constructs namely consumer skepticism, trust, firm reputation, attitude toward the firm, relationship quality through 14 hypotheses.

The research was carried out in two steps. At the initial step, the 29 item Transparency Scale in Dapko's study was qualitatively tested to pre-test the applicability of the Dapko variables. As a second step, a quantitative study was done via the online survey method with 1.038 respondents that ended up in 478 usable observations. The testing of the fit of the data has been carried out by Structural Equation Modeling (SEM). The final results show that all of the hypotheses were supported by the research except for one hypothesis on the mediating relationship of consumer skepticism between transparency and relationship quality.

ÖZET

Son yıllarda müşterilerin firmaların iletişimine verdiği önemden ötürü firma şeffaflığı organizasyonlar için bir hijyen faktörü haline gelmiştir. Firma şeffaflık konsepti çok farklı akademik alanda analiz edilmiş, işletmeler arası (B2B) ve işletmeden tüketiciye (B2C) gibi çok farklı kapsamlarda değerlendirilmiştir. Araştırmacılar firma şeffaflığı tanımını yapmak, geçerli bir ölçüm modeli bulmak ve firma şeffaflık konseptini deneysel olarak test etmek üzerine çalışmışlardır. Bu tezin amacı 2012'de Dapko tarafından hazırlanan firma şeffaflık modelini, o dönemde kanıtlanmamış hipozleri elimine edip yerine tüketicilerin firma şeffaflığından etkilenebileceği öngörülen kavramların yenilerini ekleyerek geliştirmektir. Bu tez, firma şeffaflığını tüketici bakış açısından incelemektedir. Bu çalışma, firma şeffaflığının öncül etkenlerini ve firma şeffaflığının tüketici şüpheciliği, güven, firma itibarı, firmaya karşı tutum ve tüketici-firma ilişki kalitesi üzerindeki etkilerini 14 farklı hipotez ile araştırmaktadır.

Araştırma iki adımda gerçekleştirilmiştir. İlk adımda, Dapko'nun geliştirdiği 29 maddelik Şeffaflık Ölçeği kalitatif olarak Türkiye'de uygulanabilirliği test edilmiştir. İkinci adım olarak, online bir anketten oluşan kantitatif bir araştırma yapılmıştır. Araştırmada toplanan toplam 1.038 gözlemden 478 tanesi kullanılabilir gözlem olarak alınmıştır. Datanın ölçüm modeline uygunluğunu analiz etmek için Yapısal Eşitlik Modellemesi (SEM) kullanılmıştır. Sonuçlar, tüketici şüpheciliğinin şeffaflık ve tüketici-firma ilişkisi arasındaki bağdaştırıcı ilişkisini ölçen hipotez dışındaki bütün hipotezlerin kanıtlandığı göstermektedir.

INTRODUCTION

Today, organizations are feeling the tension to stand out among competition in an environment where communication is loaded with similar messages and is enhanced by digitization which adds extra pressure. Van Riel (2000) says that the transparency of organizations today is "a basic requirement" (p.158) which covers many aspects including the transparency of organization's dialogue and communication with the customers.

Transparency has many aspects; one for example is the transparency forced by legal institutions such as the exposure of financial statements or reports. Another is about business practices that can be criticized by many, or strategic transparency that is shared with the human capital of the organization or to others. Still, how do the companies use the notion of transparency; as a position to shape communications or as a strategic move that justifies their beings and how does it affect the stakeholders, namely customers in this case?

There are several researches that analyze the level of disclosure of an organization through the publications such as the annual report, which can be considered as one of the most reliable corporate transparency tool within the organizations today (Dainelli et al. 2013) but how about information shared besides the financial statements that affect customers' view and value of the firm? According to Vaccaro and Madsen (2009a) corporate transparency term is frequently discussed in corporate social responsibility (CSR), business ethics and in other scientific contexts, nonetheless most of the time, the descriptions are less than perfect, where academicians and other practitioners generally conceptualize the term in an incomplete way stating that is a form of disclosing information or reporting in a pre-determined standard format. The authors later went on to define transparency as being "dynamic" to establish a more collaborative environment for all stakeholders.

Dapko (2012) in her dissertation has focused on defining the term firm transparency (perceived from the eyes of the consumers), coming up with a solid and well-founded measurement for it and testing the constructs affecting the concept as well as the consequences of perceived firm transparency on other related constructs. The purpose of this dissertation is to evaluate and develop the model designed by removing unproven hypothesis of the Dapko (2012) research and adding in extra constructs of "perceived firm reputation" and "relationship quality" which is believed to have an impact on "perceived firm transparency". It should also be mentioned that the dissertation investigates the related constructs through the perspective of the consumer.

1. SIGNIFICANCE OF THE STUDY

The findings of this study are expected to have important implications both for the practitioners and academicians. Practitioners will realize the direct relationship of perceived firm transparency and its effect on firms whereas scientifically, this study empirically assesses and improves the current transparency model as proposed by Dapko in a real life industry and real situations and not just theoretical scenarios. This study aims to provide real life data to the Dapko model as it was originally tested on students providing them with hypothetical situations in experimental design and Dapko herself has stated in her study that this was a limitation of her study.

The real life data comes from showing the effects of perceived firm transparency in the financial services industry, namely consumer loans which were applied in the banking industry. In 2017, 10.8 million people have taken out loans in Turkey. Out of this 10.8 million, 94% has purchased consumer loans (10.1 million people) with a total amount of 146 billion Turkish Lira (Source: The Banks Association of Turkey statistics). This is why, this author decided to focus on this business line in the banking industry.

2. THE DEFINITION AND EVOLUTION OF PERCEIVED FIRM TRANSPARENCY

Transparency as a concept has been explored and studied in both B2B and B2C context in several different literatures. The definition varies between areas such as marketing, management, accounting and finance, information technologies, political science and communications literatures.

For instance in accounting and finance, transparency can come to mean becoming more transparent from the perspective of the firm with regards to disclosure on topics such as financial, economic, environmental and societal impacts. A non-profit organization GRI (The Global Reporting Initiative) which aids companies be more transparent posits that companies need to offer accurate and relevant information to stakeholders by providing them with the necessary guidelines. These guidelines show which information, in which model and at what time need to be shared for companies to become more transparent. This definition is in line with general conceptualizations that transparency should be "relevant" and have "complete information" in "timely" periods and in an "appropriate language" that is related to the audience (GRI, 2006).

In political science, transparency is more about being able to reach information on the policies of the governments for all citizens (Florini, 2007). This transparency concept has strong relationship between concepts such as legitimacy, democracy, accountability and inclusiveness (Gupta, 2008).

In management literature, transparency is mostly described by the availability of information and its' disclosure. Pirson and Maholtra (2007, 2008) state that transparency is the degree of a firm of explaining its decisions to its stakeholders, openly sharing all relevant information and admitting to any possible wrongdoings. This is also proven by Hebb's research (2006) where negative capital performance is seen to be more accepted by related stakeholders when they believe that the firm is highly transparent.

In communications literature, transparency is discussed in the context of ethics. Baker (2008) explains transparency as being morally driven and open by "providing reasonable requirements of information" (pg. 244) and states that any transparent person offers information that others need to know in a voluntary manner (Baker 2008). Christensen (2002) approaches the subject from a more strategic perspective stating that transparency is more about catering information in quality than its quantity.

In marketing literature and in B2C context, Van Riel (2000) suggests that transparency of organizations today is "a basic requirement" which covers many aspects including the transparency of organization's dialogue and communication with the customers in scope of relationship marketing. Usually we see firms publish reports intending to share details of the firms' operations, financial conditions, safety and health conditions and so forth. This is a static and unidirectional way of information sharing and dissemination process where there are strict deadlines and standardized formats. There is no collaborative information sharing process because the information shared is either decided by those who are supplying the information or by those who impose the standardized format. According to Madsen (2009a) one-way communication of transparency provides the necessary stakeholders with a general view of what is going on with the company but falls short in the sense that it does not allow for responses to specific remarks or questions that the consumers might have. Additionally, this view of the term is also lacking because it does not provide continuous and current stream of information to the consumers and inform them on the firms' potential environmental practices and its impacts (Vaccaro and Madsen 2009a). The authors also come up with the term "dynamic transparency" (pg. 113) which they characterize as an exchange that is by nature reciprocal (two-way) and that this two-way of communication or dialogue between corporations and its stakeholders nurture a marketplace that is much more collaborative (Vaccaro and Madsen 2009a). Prahalad and Ramaswamy (2004) define four building blocks in co-creation where two is related to transparency. One is "access" where authors state that firms cannot afford to be non-transparent when it comes to information sharing with regards to price, cost or profit margins. The other is "transparency" which is defined as product, technology and business system information becoming more easy to reach. The degree of transparency within an organization is also found to be directly associated with the degree of two-way and group-level trust (Williams 2005). Through these definitions, we see that constructs such as "firm reciprocity", "trust", "consumer effort" are related to the concept of transparency. These constructs will be seen as part of the proposed model in the upcoming chapters.

Looking into local associations and NGOs, there seems to be considerable importance that has been given to being and becoming more transparent for all institutions. To name one, Ethics and Reputation Society (TEİD) takes openness and transparency as the primary values for all their business processes and for all their relationships. They also claim that their rasion d'etre is to raise the general awareness of society in terms of effective risk management and the importance of integrity, accountability and transparency (www.teid.org 2017). Similarly, Quality Association of Turkey (KALDER) mentions transparency, openness and confidentiality as their primary principles based on the association's ethics rules (www.kalder.org 2017). The four pillars of corporate governance principles for Corporate Governance Association of Turkey (TKYD) are cited as fairness, accountability, responsibility and transparency (www.tkyd.org 2015). All the above-mentioned principles and values within these organizations reflect that the construct of transparency is clearly associated with being honest, open and assuming accountability.

Dapko (2012) in her dissertation has come up with an integrated view comprising of transparency definitions from six different fields. She saw that most definitions have similar themes and definitions that can be phrased under eight definitions including 1-being open towards all stakeholders (including feedback), 2-being frank and genuine, 3-not keeping important information from others, 4-acting in an honest way, 5-sharing important information with society and other audiences, 6-allowing easy access to data and information, 7-establishing a common perception and understanding with stakeholders, 8-having a clear and open communication with stakeholders (Dapko 2012).

As several definitions can be attributed to the same origin of thought, Dapko (2012) defined transparency under two themes of "being open" and "being forthright". This, based on literature analysis and is defined as the level of transparency the stakeholder perceives with relation to the firm's openness and its forthrightness (Dapko 2012).

She also summarizes the prominent themes of the construct from several streams in the table below (pg. 48-50):

Table 2.1: Themes Derived from Literature Review

Transparency is about being "open", "honest", "forthright" and "relevant"
"It is communication and action that is open and clear" (Murphy et al. 2007)
"Sharing of every kind of information" (Vaccarro 2006; Vaccarro and Madsen 2006, 2009b)
"Availability of information to all actors within the firm, principals, agents and stakeholders" (Hebb 2006)
"Unrestricted access to information; information is clear and insightful" (Christensen 2002)
"Involves creating a spirit of openness; accept constructive criticism; explain and act on product/service risks; disclose pricing and terms" (AMA 2010)
"Openness, candor, free flow of information, and dialogue with stakeholders" (Lazarus and Mcmanus 2006)
"Freely volunteers information" (Baker 2008)

"Properties of a system are observable to the observer, access to information, affordance of learning opportunity" (vanDijk et al. 2003)
"Let customers know the 'brand behind the brand' by being open and visible; described as 'let the sun shine in', 'easy to learn and discover', and has 'no secrets'" (Blackshaw 2008)
"Should provide not only basic facts and figures about the company but also processes and mechanisms behind decisions" (Transparency International 2010)
"Should report conduct violations publicly; provide marketing codes of conduct directly to consumers" (Consumers International 2010)
"Openly shares all relevant information" (Pirson and Malhotra 2007, 2008)
"Ability to 'see-through' and to share information that is usually not shared between partners" (Hultman and Axelsson 2007)
"It is about letting customers know what's happening" (McKay 2008)
"WOMMA members shall require their representatives to make meaningful disclosures of their relationships or identities with audiences in relation to the marketing initiatives that could influence an audience member's purchasing decisions" (WOMMA 2018)
"Transparency is explaining decisions and saying when something goes wrong" (Pirson and Malhotra 2007, 2008)
"Deliberate attempt to make available all legally releasable information whether positive or negative, in a manner that is accurate, timely, balanced, and unequivocal" (Heise 1985)
"Stakeholders have access to product-related information they request without loss, noise, delay, and distortion" (Hofstede 2003)
"Information is clear and insightful" (Christensen 2002)

Reference: Dapko, 2012

According to Dapko (2012) even though there are constructs resembling transparency they fall short of really encompassing the real meaning of transparency with regards to its definition of openness and forthrightness. That is the reason why she considers them to be either antecedents or consequences.

2.1 ANTECEDENTS OF PERCEIVED FIRM TRANSPARENCY

In the original Dapko study, two constructs were defined as an antecedent of firm transparency; "consumer skepticism" and "perceived firm reciprocity". As both these constructs and related hypotheses were proven to be significant, this author kept both these constructs.

2.1.1 Perceived Consumer Effort

Consumer effort is related to the perception of effort that is required by the consumer with regards to the easiness or difficulty of finding relevant or searched information about the company. Previous studies propose that making the information available for consumers to see is not enough for the firm to be perceived transparent, rather the information needs to be provided in such a fashion that it is quite simple for target audiences to access (Dapko 2012). The qualitative study in Dapko's original study showed that participants mentioned that information should be complete, concise, clear, timely and easy to find (2012, pg. 90-91).

Companies should make it easy to learn about the firm. Reducing consumer effort may influence a consumer's perception regarding that company's transparency in a positive manner. If a firm provides clear information then it takes less time and effort for the consumer to understand it, which in return leads the consumer to reduce their uncertainties concerning the firm and the services/products it offers. In return, the perception of a firm's transparency is elevated in the eyes of the consumer.

2.1.2 Perceived Firm Reciprocity

According to Dapko (2012) perceived reciprocity is a construct that affects transparency. Reciprocity is related to the nature of communication and whether it is regarded as a two-way communication (Hultman & Axelsson, 2007; Lazarus & McManus, 2006). Additionally, several other academicians believe that the concept of transparency is related to forming a "dialogue" with targeted stakeholders and dissemination of information between related parties (Lazarus and McManus 2006, Hultman and Axelsson 2007). All these definitions relate to abovementioned concepts of being honest and open. Reciprocity is achieved when firms are willing to listen to feedback, having a two-way dialogue and providing customers with the needed information through the channels of their preference. If all the requirements for reciprocity is existent, then we can expect that reciprocity will bear a desirable and positive effect on the perception of consumers with regards to a firm's transparency. That is why the construct of firm reciprocity will be added to the transparency model as an antecedent similar to Dapko's study.

2.2 CONSEQUENCES OF PERCEIVED FIRM TRANSPARENCY

2.2.1 Consumer Skepticism

Generally, consumers are skeptic when it comes down to some firms' business practices, marketing techniques and the way they operate in business.

Consumers can sometimes still be skeptic or in doubt towards a company and its practices even though they believe that the firm is being open and honest. When this is the case and doubt is present, consumers tend to protect themselves towards the sales and marketing attempts of the firms (Darke & Ritchie, 2007). When consumers receive these messages from sales or marketing practitioners, they tend to disregard the benefits that can be acquired from the product or service but rather focus on the persuasion tactics and look for proof of truthfulness in the received message. Thus, skepticism levels tend to stay the same across firms and across messages. Dapko's research proves that if there is a high-perceived transparency, this has a negative and adverse effect on the consumers' perception of skepticism. Therefore, this construct is kept in the proposed model (2012).

2.2.2 Trust

Review of literature proposes that trust may be one of the consequences of transparency.

Morgan and Hunt (1994) define trust as having confidence on your correspondent and their ability to behave in a reliable and virtuous way in an exchange context. It also suggests that a person is relying on another and taking action with the knowledge that there may be some risk associated with it. Vaccaro & Madsen (2009b) assert that transparency is a sine qua non for developing and fostering institutions that can be trusted and held accountable. Consequently, a trusting consumer can be more willing to burden the risk associated to the decision s/he takes with regards to the firm based on the messages the firm provides to her/him. This consumer's attitude toward the company may also be affected due to this level of trust. If there is no trust between a consumer and a company, this may affect the consumer's perceptions of that firm's transparency. It is also believed that trust may affect the consumer's relationship and the quality of the relationship with that company.

2.2.3 Perceived Firm Reputation

In strategy literature, the construct of firm reputation is built on the overall assumption that if the person has generally a positive assessment of another person or an organization, then this in return will most likely be translated to similar positive attitude and/or behavior towards that person or organization (Fombrun 1996). When framed in the mentioned context, Fombrun (1996) defines this abstract asset as being reputational capital. Terblance in his 2014 article "Validation of the customer-based corporate reputation scale in a retail context" cites Thevissen (2002), Puncheva-Michelotti & Michelotti (2010) who have previously stated that consumers have been found to be concerned with corporate reputation and that this perception directly impacts the consumers' overall approach to the company and whether they will go into a relationship with them or not. In line with the resource-based view of the firm, attitude toward the firm and a firm's reputation can be seen as an important capital which needs to be carefully overseen by the firm.

In this view, this author hypothesizes that a person's perception of an organization's transparency has a direct effect on their perception related to the organization's reputation.

2.2.4 Attitude Toward the Firm

Hair, Bush, & Ortinau, (2009) as quoted in Dapko's study (2012), refer to the construct as the general assessment of how agreeable or disagreeable the consumers' perceptions are. These feelings are commonly articulated as liking or not liking and also as good or bad.

Brodt (1994) in his article "Inside information and negotiator decision behavior" portrays that in negotiation literature that inside information plays an important role in more successful results and a "win-win" relationship between the parties. This is related to the fact that they have more "transparency" regarding the situation at hand.

Similarly, Campbell & Kirmani (2008) in their article regarding persuasion knowledge model in consumer research posit that the relationship between the company and the consumer can be described as the intercommunication between on one side the party that is attempting the persuasion (usually the seller/firm/producer) to meet their targets and on the other side the consumer with existing knowledge of such persuasion methods to either comply or dismiss the pursuits with the intention for a more favorable outcome on their part.

In this light, perceived transparency of the firm leading to positive attitudes toward the firm has also been significantly proven by the Dapko study.

2.2.5 Relationship Quality (Consumer-Company Relationship Strength)

Relationship quality can be defined as the general evaluation of the relationship's strength between the two parties (Garbarino and Johnson 1999; Smith 1998, Palmatier et al. 2006). The construct of relationship quality is a multidimensional construct that includes commitment, satisfaction, and trust (Lages et al. 2005, Palmatier et al. 2006, Kumar et al 1995, Dorsch 1998).

Commitment is described as the wanting to foster a lasting relationship with the willingness to face some losses in order to continue the relationship with the faith that the parties will be abe to sustain the relationship in a strong way (Anderson and Weitz 1992).

Satisfaction is the cognitive assessments that are accredited to the relationship which include all the steps and aspects of the process and is also dependent on and includes past performances (Lages et al. 2005).

Trust is defined as the both parties are honest, open and act in a manner that would be in favor of the benefit of the other party while keeping their promises.

Over time it has been stated that communication and exchange of information (open and clear information exchange and frequency of communication) which are in essence part of relationship management tools also play a vital role in value creation and the quality of relationship between the parties (Walter and Ritter 2001, Tektas 2010). However, this relationship is more than the frequency of interaction between the consumer and the company but rather relates to the strength and depth of the relationship between the two parties. Bagozzi (1995) stipulate that the construct of reciprocity can be seen within relationships between the consumer and the firm.

As all of these constructs are related directly to the definitions of transparency, this author hypothesizes that relationship quality is directly impacted by the concept of transparency.

2.2.6 Consumer Deal Proneness

Sales promotions play a critical role in the lives of both marketers and consumers lives. On the marketing side, many practitioners use sales promotions and allocate high promotion and media budgets to these campaigns. This trend has led to various research to identify and analyze the effects of these promotions on consumers, hence the "deal-prone consumer" concept was born (Lichtenstein et al; 1995).

Schindler, Lala and Corcoran in their 2014 article cite Lichtenstein, Netemeyer and Burton (1990) who offer a definition of deal proneness as the consumer's tendency to buy products/services that are in a specific form and that this is about the consumer's cognitive behavior. From this definition, two approaches to deal-proneness has been developed. Deal proneness as a generalized construct and deal proneness as a deal-specific construct. Generalized deal proneness suggests that one type of deal generalized the measure of deal proneness. Shimp and Kavas (1984) have generalized the concept by establishing one domain (coupons) in the belief that there will be parallel relationship within consumers' approach and behavior towards one deal structure to another. In this aspect, deal proneness has been acknowledged as an essential variable in segmenting consumer markets in a psychographic way (Schindler 1998). Contrarily, more current research has looked at how deal proneness can be investigated in a more specific manner depending on what kind of a deal it is. The research and investigation has shown some significant variance in deal type related behaviors (Lichtenstein et al, 1997) where there has been studies that examine the relationship between the underlying constructs of deal proneness such as being sales or coupon prone within itself and also how consumers act or behave with regards to that specific deal.

This construct has been added as a co-variate since the author believes that "sale deal proneness" of the respondent may significantly affect the purchase of the loan (due to offers in the price, hence the interest rates) and therefore the relationship of the respondent with the firm. It is questioned whether a person's tendency towards following 'deal' in terms of price in their purchases will affect their perceptions of firm transparency in this specific loan purchase situation.

3. MODEL and METHODOLOGY

This section details the model and methodology used in the 2012 Dapko study and the author's proposed revisions to it.

3.1 THE PREVIOUS RESEARCH MODEL AND HYPOTHESES

3.1.1 The Dapko Transparency Model

Dapko (2012) has proposed that the transparency perception of a person will have an effect on their attitudes with regards to the firm and their tendency to purchase from that firm. Also there are several constructs that are defined in the study acting as intermediaries to firm transparency's influence on purchase behavior and firm specific attitude. These constructs are defined as trust and consumer skepticism. The hypotheses used in Dapko's research and the final outcomes from this study are compiled within Table 2 (pg. 186) and portrayed in the model market as Figure 1:

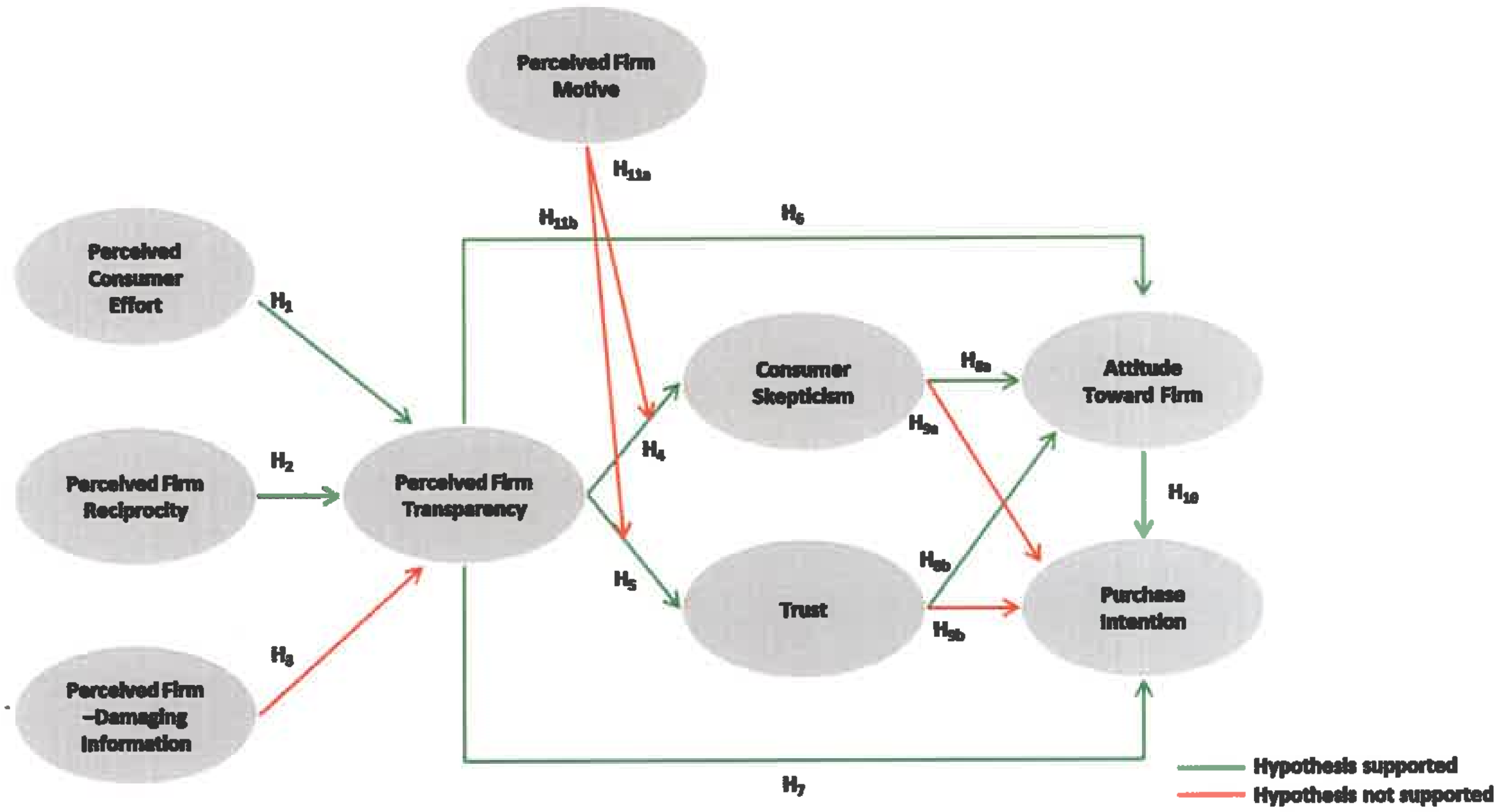
Table 3.1: Dapko Hypotheses and test results

Hypothesis	**Finding**
H_1: Perceived consumer effort toward learning about a firm has a negative effect on perceptions of transparency.	Supported
H_2: Perceived firm reciprocity has a positive effect on perceptions of transparency.	Supported
H_3: Information provided by a firm that is perceived as firm-damaging has a positive effect on perceptions of transparency.	Not Supported
H_4: Perceived firm transparency has a negative effect on consumer skpeticism.	Supported
H_5: Perceived firm transparency has a positive effect on trust.	Supported
H_6: Perceived firm transparency has a positive effect on attitudes towards the firm.	Supported
H_7: Perceived firm transparency has a positive effect on purchase intention.	Supported
H_{8a}: The impact of perceived firm transparency on attitude toward the firm is partially mediated by consumer skepticism.	Supported
H_{8b}: The impact of perceived firm transparency on attitude toward the firm is partially mediated by trust.	Supported

H_{9a}: The impact of perceived firm transparency on purchase intention is partially mediated by consumer skepticism.	Not Supported
H_{9b}: The impact of perceived firm transparency on purchase intention is partially mediated by trust.	Not Supported
H_{10}: Attitude toward the firm has a positive effect on purchase intention.	Supported
H_{11a}: The influence of transparency on consumer skepticism is moderated by perceived firm motives.	Not Supported
H_{11b}: The influence of transparency on trust is moderated by perceived firm motives.	Not Supported

Reference: Dapko, 2012

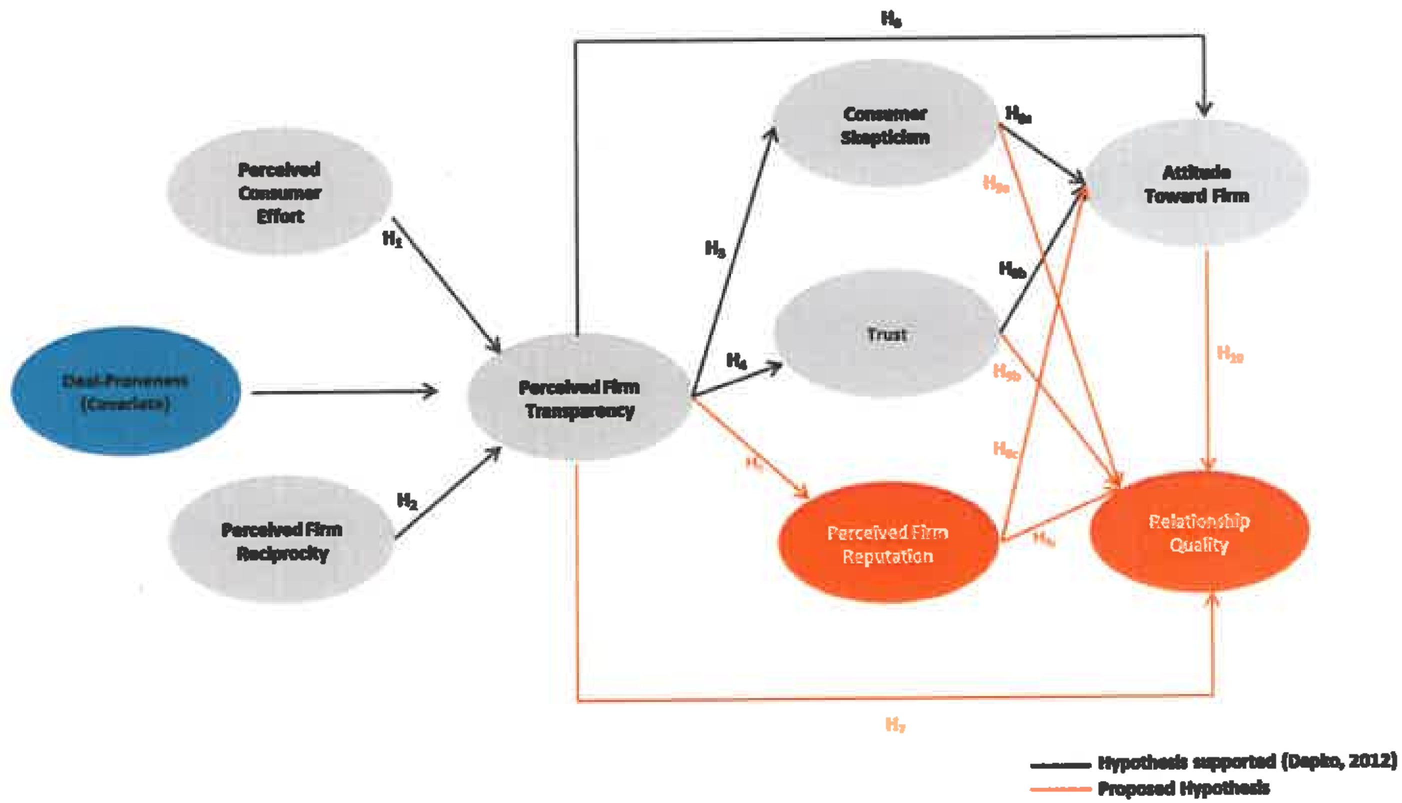
Figure 3.1: Dapko Transparency Model (2012)



Reference: Dapko, 2012

In reference to the results of the 2012 Dapko study, this author chose to omit the hypotheses that were not supported during this previous research and added in additional constructs and hypotheses that are thought to be more in relation to the concept of firm transparency.

Figure 3.2: Proposed Transparency Model



3.2 PROPOSED HYPOTHESES

This proposal attempts to validate and reformulate the Dapko (2012) transparency model, with the following hypotheses:

- H1: Perceived consumer effort toward learning about a firm has a negative effect on perceptions of transparency.
- H2: Perceived firm reciprocity has a positive effect on perceptions of transparency.
- H3: Perceived firm transparency has a negative effect on consumer skepticism.
- H4: Perceived firm transparency has a positive effect on trust.
- H5: Perceived firm transparency has a positive effect on firm reputation. (New hypothesis)
- H6: Perceived firm transparency has a positive effect on attitudes towards the firm.
- H7: Perceived firm transparency has a positive effect on relationship quality. (New hypothesis)
- H8: The impact of perceived firm transparency on attitude toward the firm is partially mediated by
    a. consumer skepticism,
    b. trust and
    c. perceived firm reputation. (New hypothesis)
- H9: The impact of perceived firm transparency on relationship quality is partially mediated by
    a. consumer skepticism, (New hypothesis)
    b. trust and (New hypothesis)
    c. perceived firm reputation. (New hypothesis)
- H10: Attitude toward the firm has a positive effect on relationship quality. (New hypothesis)

3.3 OVERVIEW OF METHODOLOGY

The research was carried out in two steps. At the initial step, The 29 item Transparency Scale in Dapko's study was qualitatively tested to pre-test the applicability of the Dapko variables with 8 respondents through a face-to-face interview.

After qualitatively affirming the transparency scale, a 41 variable online questionnaire was formed with the addition of new constructs of "perceived firm reputation" and "relationship quality".

The author opted for using the Structural Equation Modeling (SEM) in order to test the fit of the data to the measurement model and structural model in the study using LISREL 8.8 (Jöreskog & Sörbrom 1993).

Participants:

The survey in total resulted in receiving 1.038 responses and was gathered from all around Turkey through an online survey tool (Survey Monkey) with convenience sampling technique to reach a wider participant size. Due to several control variables, the analysis was performed with 478 usable observations (control variables are described below).

Descriptive statistics show that majority of the respondents are male (84%), married (70%), have a high school education (43%) with an average age of 36. These statistics present an accurate representation of the loan sphere in Turkey (according to Hesapkurdu.com statistics).

3.4 SCALES IN THE PROPOSED RESEARCH MODEL

3.4.1 Qualitative Research Results of the Study

The 29 item Transparency Scale in Dapko's study was qualitatively tested through an in-depth interview technique with 8 respondents.

Dapko's model initially had 29 items on the transparency scale that was derived from literature review and qualitative research. Same items were qualitatively researched on Turkish respondents to pre-test the applicability. Initial group was planned as 11 people, however 3 people dropped out due to their scheduling issues and final qualitative study was completed with 8 participants.

Each respondent was given the transparency definition was then requested to evaluate all the scale items as being "definitely representative", "partially representative", or "non-representative" and then asked to explain their ratings. For sake of validation, all the scale items marked as "definitely representative" were added to the questionnaire.

The following 29 items are the original transparency scale items used in Dapko's 2012 study:

Table 3.2: Qualitative Research: In-depth Interview Table

Variable name	Transparency Scale Item	Respondents
PFT01	This company is candid	Partially representative
PFT02	This company is straightforward in telling me what I want to know	Definitely representative

PFT03	This company tries to hide the bad things it does (R)	Partially representative
PFT04	This company tries to hide the good things that it does (R)	Partially representative
PFT05	Generally, this company tries to hide the things that it does (R)	Partially representative
PFT06	This company gives me false expectations (R)	Non-representative
PFT07	This company is clear with me	Definitely representative
PFT08	This company readily admits failures	Partially representative
PFT09	This company is willing to share its failures with me	Definitely representative
PFT10	This company is willing to share information with me even when it may make the company look bad	Definitely representative
PFT11	This company is genuine with me	Partially representative
PFT12	This company exposes itself to criticism	Partially representative
PFT13	This company beats around the bush when communicating with me (R)	Partially representative
PFT14	This company faces problems without hesitation	Non-representative
PFT15	This company puts everything "on the table" for all to see	Definitely representative
PFT16	This company provides me with a learning opportunity about itself	Definitely representative

PFT17	I envision this company as a glass building in which everything inside is visible for all to see	Definitely representative
PFT18	This company enables me to know what it's doing	Definitely representative
PFT19	This company allows its customers to see how it's doing	Partially representative
PFT20	When the company makes decisions, it gives me the ability to know about it	Partially representative
PFT21	This company helps me understand why it behaves the way it does	Partially representative
PFT22	This company is willing to explain its decisions to me	Definitely representative
PFT23	This company is willing to tell me how it really feels about the products it sells	Partially representative
PFT24	This company is willing to share bad things about itself or about its products	Partially representative
PFT25	This company is willing to share just about any information I request from it	Definitely representative
PFT26	I feel as if this company doesn't mind me seeing what's going on behind its closed doors	Partially representative
PFT27	This company wants me to understand what it is doing	Definitely representative
PFT28	This company shares information about itself that is important to me, rather than just any random information	Partially representative

PFT29	I feel that the information this company shares with me is useless to me (R)	Partially representative

Reference: Dapko, 2012

The main theme of the interview findings were on "being open" and "being forthright', similar to Dapko's findings (2012):

- "Being open": Being open is about being transparent in the manner by letting others see in a crystal-clear manner through everything by providing them the possibility to access information and knowledge (Hofstede, 2003; Pirson & Malhotra, 2007, 2008; Vaccaro, 2006; Vaccaro & Madsen, 2006, 2009a, b).
- "Being forthright": Being forthright is about explaining the results and the decisions taken, while at the same time admitting to wrong doings or mistakes. It also involves stepping forward with necessary information in such a case. Being forthright is being transparent in the manner that the firm does not beat around the bush and that it provides information in a proactive manner for all to see (McKay, 2008; Pirson & Malhotra, 2007, 2008; Higgins, 2005; Baker 2008).

PFT07, PFT15, PFT16, PFT17, PFT18 and PFT27 were directly related to 'Being Open' by the respondents and, PFT2, PFT9, PFT10, PFT22 and PFT25 were directly related to 'Being Forthright' by the respondents.

Some items were questioned as they were not directly linked to the construct of transparency. On scale items PFT03, PFT04 and PFT19 one respondent said:

> "A firm may very well be clear (or transparent) but may not possess the tools or adequate resources to explain why they're acting the way they are, this doesn't mean they don't aspire to be transparent".

PFT06 was seen as Non-representative:

> "This is more about advertising and marketing, of course firms will market their products, it's not about my expectation but more about the truth to what they're selling".

PFT14 was seen as Non-representative:

> "Facing problems without hesitation is more about that firm's resilience rather than being transparent, it's about being solution-oriented and standing up to a challenge".

On Scale items PFT28 and PFT29 there were split feelings:

> "For a company to be transparent, it should share all information, it's not up to them to decide what that is".
>
> "The information may be shared and made available for bigger and more important decisions but it doesn't seem very realistic to assume that everybody (all customers) need to know a firm's every decision".
>
> "I can perceive the company as being transparent but it still doesn't necessarily mean that the information provided will impact my future dealings with the company."

Most of these items were also dropped after the exploratory factor analysis and validity test within the Dapko dissertation (2012).

3.4.2 Control Variables of the Study

Industry specific control variables were set for this study of consumer loans in the banking industry. Based on preliminary research and consumer in-depth interviews, several control variables were added in order to adequately test the relative relationship of the dependent and independent variables:

Size of the loan: The bracket of 1.000 TL to 50.000 TL was taken for this research with the assumption that any loan amount above 50.000 TL might be a mortgage loan based on consumer loan applications ranging up to 50.000 TL with an average of 13.000 TL on the Hesapkurdu.com website.

The ratio of the respondent's income to the loan amount: Because the ratio of the loan to the respondent's income may vary, a top limit of 30% was taken since this is the average of annual household income to loan amount in 2017 according to Turkish Statistical Institution figures.

3.4.3 Co-variates of the Study

Deal proneness was defined as a co-variate in the Objectives. It was argued that the deal proneness of the respondent may significantly affect the purchase of the loan and therefore the relationship of the respondent with the firm. So deal-proneness scale has be asked to respondents before testing the scale items.

There are 32 items of 'Deal Proneness' (Schindler, Lala, Corcoran 2014) categorized in 6 sub-topics:

1. Deal proneness-free gift: These items focus on deal proneness where the consumer receives a free gift in return for their purchase.
2. Deal proneness-buy-one-get-one-free: These items focus on deal proneness where the consumer receives a 2-for-1 offer for their purchase.
3. Deal proneness-coupon: These items focus on deal proneness where the consumer uses a coupon for discount in their purchase.
4. Deal proneness-rebate: These items focus on deal proneness where the consumer receives a rebate in return for their purchase.
5. Deal proneness-contest/sweepstake: These items focus on deal proneness where the consumer enters into a contest to win a sweepstake through their purchase.

6. Deal proneness sale: These items focus on deal proneness where the consumer purchases an item that is on sale.

As the focus of this study is determining the respondents that are prone to deals in consumer loan interest rates (discounts in interest rates), the author will use the scale items related to 'deal proneness-sale'. The measure was developed by Schindler et al (2014) by modifying the scale adopted by Lichtenstein, Netemeyer and Burton (1995, 1997). The changes made to the scale was related to the elimination of several items including deals related to price and the items that did not stand tall in pretesting with test participants and were found to be already covered by other items in the scale (for example a cents-off deal was found similar to a price sale deal) (Schindler et al, 2014).

All the scale items are measured in a 5 point Likert scale (completely agree to completely disagree). The factor loadings and t-values show that all the items loaded significantly to the construct.

3.5 FACTOR ANALYSIS AND RELIABILITY OF SCALES

The model had 9 constructs and 41 variables in total. A confirmatory factor analysis was performed to assess if the scale items corresponded strongly to the model constructs. The beta values ranged between 0.45 to 0.94 which prove that the factor loadings loaded significantly on the corresponding constructs and the t-values which range between 9.69 to 44.27 clearly show that the results are statistically significant.

Figure 3.3: Factor Analysis Beta Values of the Proposed Model

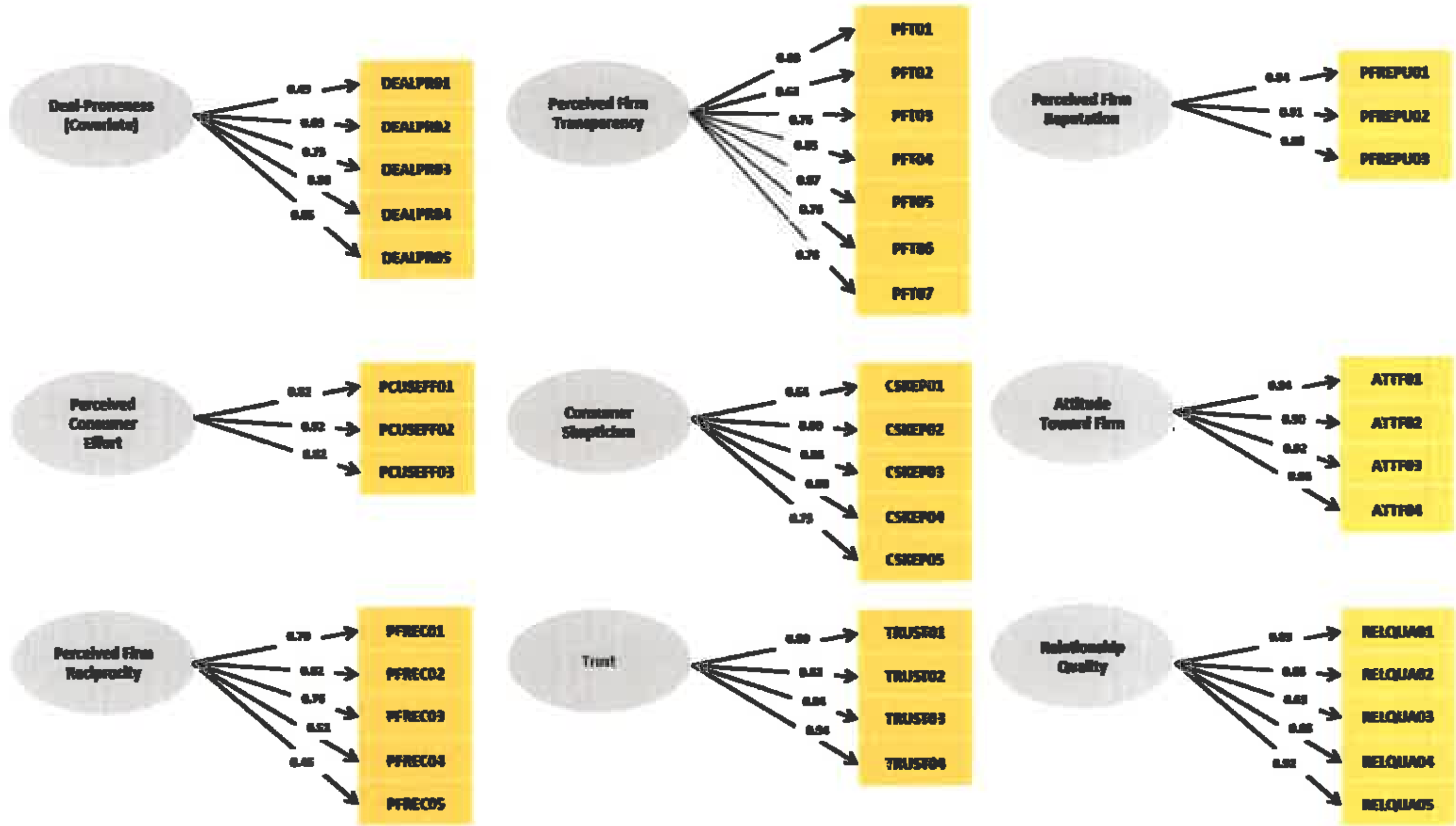


Table 3.3: Factor Analysis Results

Construct	Variable	Factor Analysis Score (Beta values)
Deal-proneness (Co-variate)	DEALPR01	0.49
	DEALPR02	0.69
	DEALPR03	0.75
	DEALPR04	0.88
	DEALPR05	0.85
Perceived Consumer Effort	PCUSEFF01	0.82
	PCUSEFF02	0.92
	PCUSEFF03	0.82
Perceived Firm Reciprocity	PFREC01	0.70
	PFREC02	0.82
	PFREC03	0.76
	PFREC04	0.52
	PFREC05	0.45
Perceived Firm Transparency	PFT01	0.68
	PFT02	0.63
	PFT03	0.76
	PFT04	0.85
	PFT05	0.87
	PFT06	0.76
	PFT07	0.78
Consumer Skepticism	CSKEP01	0.64
	CSKEP02	0.90
	CSKEP03	0.88
	CSKEP04	0.80

	CSKEP05	0.73
Trust	TRUST01	0.80
	TRUST02	0.82
	TRUST03	0.94
	TRUST04	0.94
Perceived Firm Reputation	PFREPU01	0.94
	PFREPU02	0.91
	PFREPU03	0.88
Attitude Toward the Firm	ATTF01	0.94
	ATTF02	0.90
	ATTF03	0.92
	ATTF04	0.96
Relationship Quality	RELQUAL01	0.85
	RELQUAL02	0.85
	RELQUAL03	0.63
	RELQUAL04	0.85
	RELQUAL05	0.92

3.6 SCALES USED IN THE STUDY

Perceived consumer effort scale: These scale items were adapted from the Dapko's (2012). All the scale items are measured in a 5 point Likert scale (1=completely disagree to 5=completely agree). The factor loadings and t-values show that all the items loaded significantly to the construct.

Perceived firm reciprocity scale: In addition to Dapko's 2 variable scale item, this author decided to use additional scale items from "Reciprocity in Relationship Marketing: A Cross-Cultural Examination of the Effects of Equivalence and Immediacy on Relationship Quality and Satisfaction with Performance" (Hoppner & Griffith & White 2015). The scale here is composed in a way that enables our understanding of the consumers' complementary relationship (reciprocity) needs with the company. The authors have examined the construct as norm consisting of several dimensions including what is being exchanged (equivalence) and the time of the exchange (immediacy) (Hoppner & Griffith & White 2015).

For this research, this author has taken the "equivalence reciprocity" scale items because target of this research is to analyze the two-way interaction between the customer and the company. Therefore in this construct, 3 more scale items were added to Dapko's (2012) existing two items. All the scale items are measured in a 5 point Likert scale (1=completely disagree to 5=completely agree). The factor loadings and t-values show that all the items loaded significantly to the construct.

Perceived firm transparency scale: Dapko (2012) in her research had reduced the 29 item scale to a 4 item scale on the final questionnaire. In this research, after testing the whole scale items qualitatively on Turkish respondents and removing the items that are extremely close in meaning, this author came down to a 7 item transparency scale which was used in the final quantitative questionnaire. All of the variables were also described as "Definitely representative" according to thee qualitative research responses as previously detailed in Table 3. All the scale items are measured in a 5 point Likert scale (1=completely disagree to 5=completely agree). The factor loadings and t-values show that all the items loaded significantly to the construct.

Consumer skepticism scale: In addition to Dapko's 3 variable scale item, this author decided to use additional scale items from "Negative effects of ambient scents on consumers' skepticism about retailer's motives" (Lunardo, 2012) derived from Weintraub Austin et al.'s "How does alcohol advertising influence underage drinking? The role of desirability, identification and skepticism" (2006). Based on this 2 more items were added to the final questionnaire. All the scale items are measured in a 5 point Likert scale (1=completely disagree to 5=completely agree). The factor loadings and t-values show that all the items loaded significantly to the construct.

Trust scale: In addition to Dapko's 2 variable scale item, this author decided to use additional scale items from "Is Firm Trust Essential in a Trusted Environment? How Trust in the Business Context Influences Customers" (Grayson & Johnson & Chen, 2008). The authors break down the construct of trust into two measures; "benevolence" and "honesty" under Firm-Specific Trust (FTS). In this research two out of three scale items from the "honesty" measure were used and added to the final questionnaire. As these items were also measured in the banking industry context in the original study, the items fit perfectly to this research. All the scale items are measured in a 5 point Likert scale (1=completely disagree to 5=completely agree). The factor loadings and t-values show that all the items loaded significantly to the construct.

Perceived firm reputation scale: Dapko's (2012) model has been reformulated by adding this construct to the model. This author hypnotizes that firm reputation is an additional consequence of transparency as it is founded on the basic assumption that public's (or the the consumers') positive evaluation of an organization will positively impact their behaviors toward that entity (Fombrun 1996). The scale of Firm Reputation has been taken from "RepTrak Pulse: Conceptualizing and Validating a Short-Form Measure of Corporate Reputation" (Ponzi & Fombrun & Gardberg, 2011). The authors have developed a four item scale to measure firm reputation. In this research three out of four items were used as one of the items related directly to trust which was already added in under the trust construct this item was taken out of this particular construct's list. All the scale items are measured in a 5 point Likert scale (1=completely disagree to 5=completely agree). The factor loadings and t-values show that all the items loaded significantly to the construct.

Attitude toward the firm scale: Scale items used in this construct was adapted from "Measuring Attitude toward the Brand and Purchase Intentions" (Spears & Singh, 2004). The authors developed a 5 item scale that measures "attitude toward the brand". four out of these five items were adapted in this research, 1 being taken out due to having the same translation in the Turkish language. The participants were asked to select their agreement to the descriptions (adjectives) used to describe the company (1=negative description 7=positive description). The factor loadings and t-values show that all the items loaded significantly to the construct.

Relationship Quality scale: Dapko's (2012) model has been reformulated to by replacing the 'Purchase Intention' construct with 'Relationship Quality' construct. The construct is considered to be a higher-order construct that consist of various distinct dimensions (Tektas, 2009). As mentioned earlier, main dimensions were defined as commitment, satisfaction and trust (Dorsch, Swanson and Kelley, 1998; Smith, 1998;

Baker, Simpson and Siguaw, 1999; Walter, Müller, Gabrilel, and Ritter, 2003). As the construct 'Trust' is already a construct in the model, for Relationship Quality, the author added the Commitment and Satisfaction items.

Smit, Bronner and Tolbroom (2007), in their 2007 article combine the 39-item BRQ scale of Fournier (1994) and four-item trust scale of Chaudhuri and Holbrook (2001). Fournier's BRQ model (1994, 1998) relationship quality construct consists of seven facets: passionate attachment, love, self-connection, nostalgic connection, personal commitment, brand partner quality and intimacy. When adapting to the research at hand, "partner quality" and "personal commitment" scale items were used to measure the quality of relationship between the customer and the company as all other items represent the emotional and psychological connection between the consumer and the brand/company. According to Fournier (1994):

> "the intimacy facet (1) refers to the psychological closeness between the relationship partners [...]. Personal commitment (2) means loyalty to the brand in terms of faithfulness and willingness to make small sacrifices. Passionate attachment (3) refers to the integration of the brand in its user's daily life. This facet represents the attachment and the feeling that something is missing if the brand is not used. Love (4) relates to the possible feelings for the brand. Self-concept connection (5) reflects the extent to which the brand is part of the self, part of the self-image, and refers to the question whether the consumer and his or her brand have lots in common. In nostalgic connection facet (6) brands are part of the consumer's history and related to particular memories" (Smit et al quoting Fournier, 2007, pg. 628).

Fournier (1994) describes the final facet of "partner quality" which is taken into consideration in this study as the quality of relationship between the parties involved and whether the company in question is interested in the customer, taking care of the them and acting in a trustworthy manner. According to Smit et al. (2007) "personal commitment", "partner quality" and "intimacy" facets represent the behavioral and informational dimension of BRQ whereas all others represent the emotional dimension. For the purpose of this study this author used the 4 scale items within the "partner quality" and "personal commitment" which were measured in a 5 point Likert scale (1=completely disagree to 5=completely agree). The author did not take "intimacy" into consideration as this facet represents the psychological closeness to the brand as previously explained. The factor loadings and t-values show that all the items loaded significantly to the construct.

3.7 STRUCTURAL EQUATION MODEL RESULTS

The author used Structural Equation Modeling (SEM) to test the fit of the data to the measurement model and structural model in the study using LISREL 8.8 (Jöreskog & Sörbrom 1993). Structural Equation Modeling (SEM) is a multivariate strategy encompassing measurement and structural models.

In the measurement model analysis which is the initial step, acceptable fitness of data was checked. In the latter step, the model is tested to prove the effects of mediating variables in the relationship between perceived firm transparency, consumer skepticism, trust and perceived firm reputation. According to the analysis, the independent variable should have statistically significant relationship. Then the independent variable needs to correlate with the mediating variables. Thirdly, the mediating variables should be in a statistically significant relationship with the dependent variables. Lastly, the model needs to be checked for full or partial mediation. In the case that correlation between independent variable and dependent variables become insignificant in the presence of mediating variable, then there is full-mediation. If only the coefficient of the correlation between independent and dependent variables decrease in the presence of mediating variable, then we have partial-correlation.

3.7.1 Testing the Measurement Model

The measurement model consists of the relations of latent variables with each other and with their respective observed variables. It is advised to test the measurement model before the structural model (Anderson & Gerbing, 1988) to provide the best data fit.

The test of the measurement model resulted in an acceptable fit to the data, indicated by the following goodness of fit statistics: CFI: 0.98 (≥0.95=perfect fit according to Hu & Bentler, 1999, Sümer, 2000, Thompson, 2004; NFI: 0.98 (≥0.95=perfect fit according to Hu & Bentler, 1999, Sümer, 2000); RMSEA= 0.063 (≤ 0.07=good fit according to Steiger 2007).

3.7.2 Testing the Structural Model

The measurement model test resulted in an acceptable fit to the data, indicated by the following goodness of fit statistics: CFI: 0.97, NFI: 0.97; RMSEA= 0.08 (≤0.08=good fit according to Hooper, Coughan & Mullen, 2008; Jöreskog & Sörbom, 1993; Sümer 2000).

Adding the mediating variables of consumer skepticism, trust and perceived firm reputation increases the goodness of fit of the model with statistics: CFI: 0.98; NFI: 0.97; RMSEA= 0.075 which shows that the mediating variables (consumer skepticism, trust and perceived firm reputation) positively impact the results of the model.

Additionally, in the presence of the above-mentioned mediating variables, beta scores of perceived firm transparency to attitude toward the firm and relationship quality decrease from 0.80 and 0.88 to -0.14 and -0.09 respectively and the t-values become insignificant (from 15.19 and 15.36 to -1.11 and -0.96) which shows that there is full-mediation between the mediating variables and related constructs in the model which in turn makes the proposed model a more accurate model.

Table 3.4: t-values and Beta Results of the Structural Model Test

From Variable	To Variable	t-value	Beta	t-value (before mediating variables are introduced)	Beta value (before mediating variables are introduced)
Firm reciprocity	Perceived firm transparency	13.47	0.08	-	-
Consumer effort	Perceived firm transparency	-3.71	-0.14	-	-
Deal proneness	Perceived firm transparency	1.13	0.04	-	-
Perceived firm transparency	Attitude toward the firm	-1.11	-0.14	15.19	0.80
Perceived firm transparency	Relationship quality	-0.96	-0.09	15.36	0.88
Perceived firm transparency	Consumer Skepticism	-9.83	-0.60	-	-
Consumer Skepticism	Attitude toward the firm	-2.58	-0.09	-	-

Perceived firm transparency	Trust	14.68	0.86	-	-
Trust	Attitude toward the firm	4.4	0.27	-	-
Perceived firm transparency	Perceived firm reputation	16.21	0.85	-	-
Perceived firm reputation	Attitude toward the firm	10.15	0.63	-	-
Consumer Skepticism	Relationship quality	-1.32	-0.04	-	-
Trust	Relationship quality	3.18	0.15	-	-
Perceived firm reputation	Relationship quality	10.92	0.67	-	-
Attitude toward the firm	Relationship quality	2.79	0.13	-	-

3.7.3 Testing the Hypotheses

H1: Perceived consumer effort toward learning about a firm has a negative effect on perceptions of transparency.

This hypothesis is affirmed with -0.14 beta figures and a significant t-value of -3.71. Although the relationship between perceived consumer effort and perceived firm transparency exists and is significant, it seems to be a weak relationship.

H2: Perceived firm reciprocity has a positive effect on perceptions of transparency.

This hypothesis is affirmed with 0.81 beta figures and a significant t-value of 13.47. There seems to be a strong relationship between perceived firm reciprocity and perceived firm transparency.

H3: Perceived firm transparency has a negative effect on consumer skepticism.

This hypothesis is affirmed with -0.60 beta figures and a significant t-value of -9.83. There seems to be a strong relationship between perceived firm transparency and consumer skepticism.

H4: Perceived firm transparency has a positive effect on trust.

This hypothesis is affirmed with 0.86 beta figures and a significant t-value of 14.68. There seems to be a very strong relationship between perceived firm transparency and trust.

H5: Perceived firm transparency has a positive effect on firm reputation. (New hypothesis)

This hypothesis is affirmed with 0.85 beta figures and a significant t-value of 16.21. There seems to be a very strong relationship between perceived firm transparency and firm reputation.

H6: Perceived firm transparency has a positive effect on attitudes towards the firm.

This hypothesis was initially tested before the mediating constructs are introduced to the model. The initial test affirmed with 0.80 beta figures and a significant t-value of 15.19. So, there seemed to be a very strong relationship between perceived firm transparency and attitude toward the firm before the mediating constructs are introduced. However, it is expected that this relationship decreases and becomes insignificant when the mediating constructs are introduced which shows that the model was set up correctly. After the second test is done (with the presence of mediating constructs: consumer skepticism, trust and perceived firm reputation), we see that the beta figures become -0.14 and t-values insignificant with -0.11. This proves that the model is accurate.

H7:Perceived firm transparency has a positive effect on relationship quality. (New hypothesis)

This hypothesis was initially tested before the mediating constructs are introduced to the model. The initial test affirmed with 0.88 beta figures and a significant t-value of 15.36. So, there seemed to be a very strong relationship between perceived firm transparency and relationship quality before the mediating constructs are introduced. After the second test is done (with the presence of mediating constructs: consumer skepticism, trust and perceived firm reputation), we see that the beta figures become -0.09 and t-values insignificant with -0.96. This proves that the model is accurate.

H8: The impact of perceived firm transparency on attitude toward the firm is partially mediated by:

(a) consumer skepticism

This hypothesis is affirmed with -0.09 beta figures and a significant t-value of -2.58. There is a mediating relationship between perceived firm transparency and consumer skepticism on attitude toward the firm but the figures show that this is not a strong relationship.

(b) trust

This hypothesis is affirmed with 0.27 beta figures and a significant t-value of -4.40. There is a mediating relationship between perceived firm transparency and trust on attitude toward the firm but the figures show that this is not a very strong relationship.

(c) perceived firm reputation

This hypothesis is affirmed with 0.63 beta figures and a significant t-value of -10.15. There is a strong mediating relationship between perceived firm transparency and perceived firm reputation on attitude toward the firm.

H9: The impact of perceived firm transparency on relationship quality is partially mediated by:

(a) consumer skepticism

This hypothesis in not confirmed with -0.04 beta figures and an insignificant t-value of -1.32. It seems that a mediating relationship between relationship between perceived firm transparency and consumer skepticism on relationship quality does not exist.

(b) trust

This hypothesis is affirmed with 0.15 beta figures and a significant t-value of 3.18. There is a mediating relationship between perceived firm transparency and trust on relationship quality but the figures show that this is not a strong relationship.

(c) perceived firm reputation

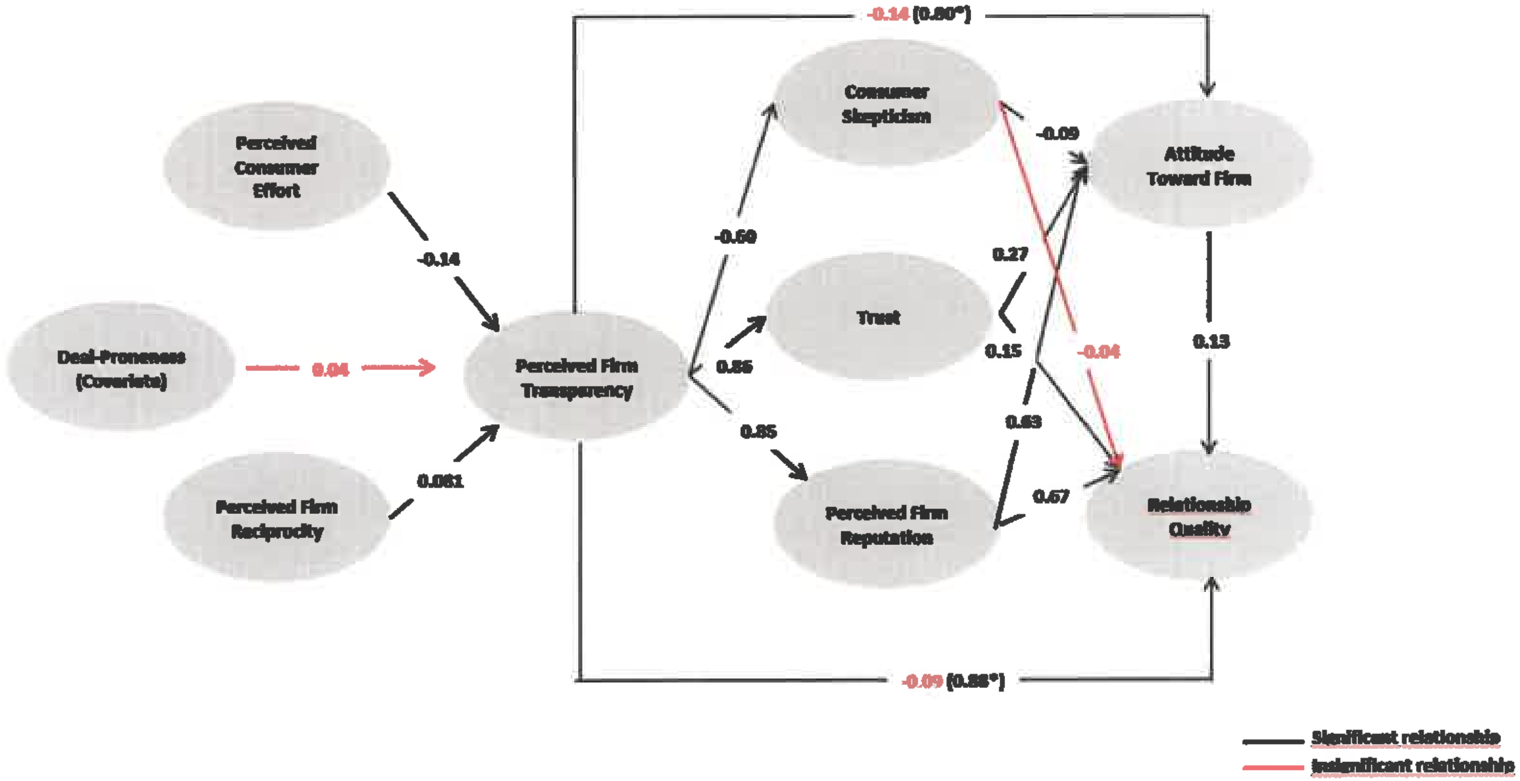
This hypothesis is affirmed with 0.67 beta figures and a significant t-value of 10.92. There is a strong mediating relationship between perceived firm transparency and perceived firm reputation on relationship quality.

H10: Attitude toward the firm has a positive effect on relationship quality.

This hypothesis is affirmed with 0.13 beta figures and a significant t-value of 2.79. Although the relationship between attitude toward the firm and relationship quality exists and is significant, it seems to be a weak relationship.

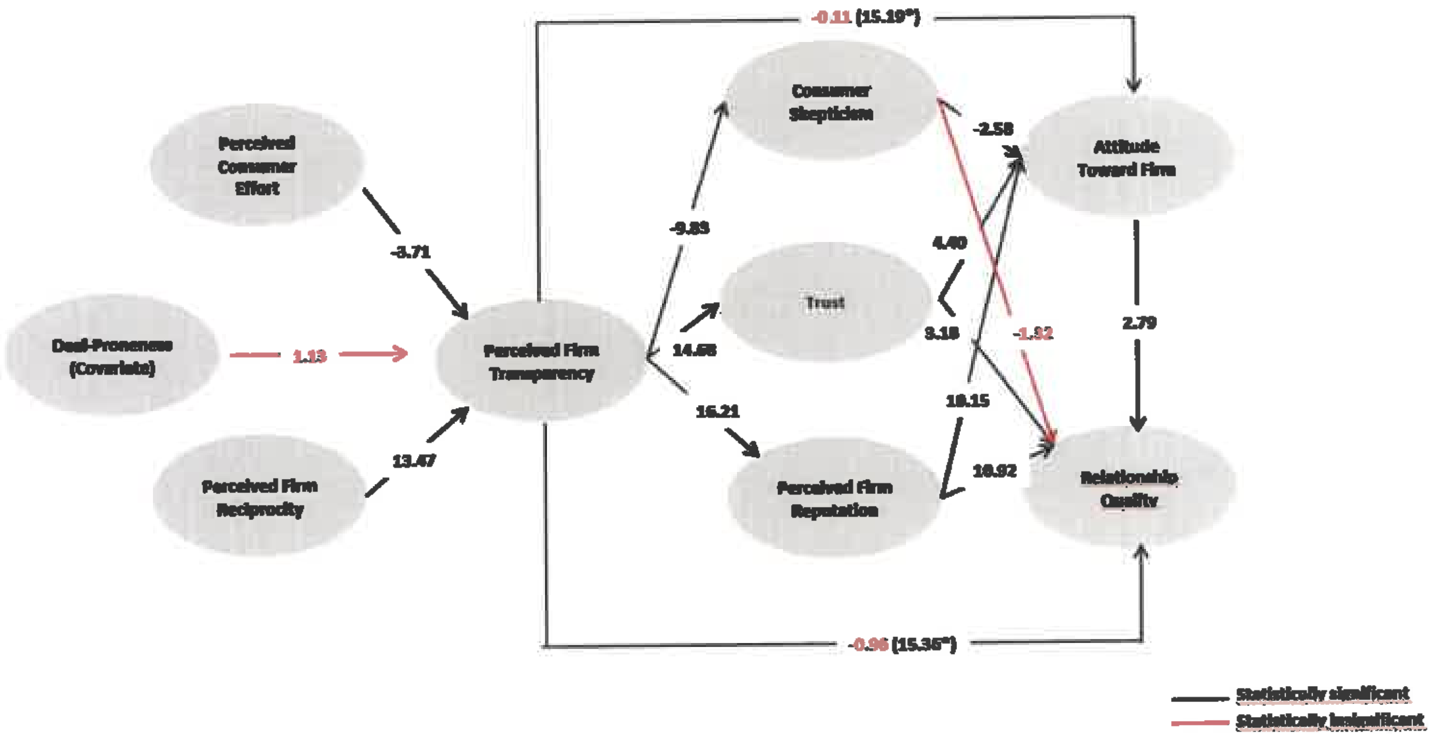
The model also introduced the construct of "deal-proneness" as a co-variate to test if the participants' behavior or attitude toward deal-proneness affects their perception of firm transparency. According to the results this relationship seems to be insignificant with 0.04 beta figures and an insignificant t-value of 1.13.

Figure 3.4: Beta Values of the Proposed Hypotheses & Overall Model



** Before mediating constructs are introduced to the model*

Figure 3.5: t-values of the Proposed Hypotheses and Overall Model



** Before mediating constructs are introduced to the model*

Table 3.5: t-values and Beta Values of the Proposed Hypotheses and Overall Model

Hypothesis	**t-value**	**Beta value**	**Significance**
H_1: Perceived consumer effort toward learning about a firm has a negative effect on perceptions of transparency	-3.71	-0.14*	Significant
H_2: Perceived firm reciprocity has a positive effect on perceptions of transparency	13.47	0.81	Significant
H_3: Perceived firm transparency has a negative effect on consumer skepticism	-9.83	-0.60	Significant
H_4: Perceived firm transparency has a positive effect on trust	14.68	0.86	Significant
H_5: Perceived firm transparency has a positive effect on firm reputation	16.21	0.85	Significant
H_6: Perceived firm transparency has a positive effect on attitude toward the firm.	15.19** (-0.11)***	0.80** (-0.14)***	Significant
H_7: Perceived firm transparency has a positive effect on relationship quality.	15.36** (-0.96)***	0.88** (-0.09)***	Significant
H_{8a}: The impact of perceived firm transparency on attitude toward the firm is partially mediated by consumer skepticism	-2.58	-0.09*	Significant
H_{8b}: The impact of perceived firm transparency on attitude toward the firm is partially mediated by trust	-4.40	0.27*	Significant
H_{8c}: The impact of perceived firm transparency on attitude toward the firm	-10.15	0.63	Significant

is partially mediated by perceived firm reputation			
H_{9a}: The impact of perceived firm transparency on relationship quality is partially mediated by consumer skepticism	-1.32	-0.04	Insignificant
H_{9b}: The impact of perceived firm transparency on relationship quality is partially mediated by trust	3.18	0.15*	Significant
H_{9c}: The impact of perceived firm transparency on relationship quality is partially mediated by perceived firm reputation	10.92	0.67	Significant
H_{10}: Attitude toward the firm has a positive effect on relationship quality	2.79	0.13*	Significant

** Weak relationship*

*** Before mediating constructs are introduced to the model*

**** After mediating constructs are introduced to the model*

Table 3.6 summarizes the results of the proposed hypotheses testing, revealing that all but one of the hypotheses were supported:

Table 3.6 Proposed Hypotheses Testing Results

Hypothesis	**Finding**
H_1: Perceived consumer effort toward learning about a firm has a negative effect on perceptions of transparency	Supported
H_2: Perceived firm reciprocity has a positive effect on perceptions of transparency	Supported
H_3: Perceived firm transparency has a negative effect on consumer skepticism	Supported
H_4: Perceived firm transparency has a positive effect on trust	Supported
H_5: Perceived firm transparency has a positive effect on firm reputation	Supported
H_6: Perceived firm transparency has a positive effect on attitude toward the firm	Supported
H_7: Perceived firm transparency has a positive effect on relationship quality	Supported
H_{8a}: The impact of perceived firm transparency on attitude toward the firm is partially mediated by consumer skepticism	Supported
H_{8b}: The impact of perceived firm transparency on attitude toward the firm is partially mediated by trust	Supported
H_{8c}: The impact of perceived firm transparency on attitude toward the firm is partially mediated by perceived firm reputation	Supported
H_{9a}: The impact of perceived firm transparency on relationship quality is partially mediated by consumer skepticism	Not Supported

H_{9b}: The impact of perceived firm transparency on relationship quality is partially mediated by trust	Supported
H_{9c}: The impact of perceived firm transparency on relationship quality is partially mediated by perceived firm reputation	Supported
H_{10}: Attitude toward the firm has a positive effect on relationship quality	Supported

CONCLUSION

Transparency today is demanded by consumers from all the institutions they come into contact with whether it be a service, product or something as simple as gathering accurate information. Hence, firms need to fulfill these demands to be in a long-term relationship with its current and prospective customers.

This research proves that focusing on becoming more transparent will have a positive impact in the quality and longevity of the relations between the two parties. The topic had already been discussed in various different literatures over the years and this dissertation was aimed to evaluating and further developing the model designed by Dapko (2012) by eliminating unproven hypotheses and adding in new constructs to her model while at the same time looking at the issue from the consumers' point of view.

The study was aimed at analyzing how the perception of firm transparency affects consumers' attitudes toward the company through various constructs. Previous research had already shown that there several antecedents to perceived firm transparency. One of which is perceived consumer effort where consumers expect companies not just to supply them with the information they need but also that this information is available for easy access. Another antecedent is firm reciprocity in which consumers demand that there is a two-way communication and dialogue between the two parties. Initially another construct was added in as an antecedent in Dapko's research, namely perceived firm damaging information to see whether a firm's intention to share negative and potentially damaging information about itself would positively impact the consumer's perception of its transparency. The first two constructs were proven to be antecedents of perceived firm transparency but the latter did not give the same results in the final stages of the Dapko study (2012). In lieu, the author decided to introduce the construct of deal proneness as a co-variate to see whether a consumer's tendency to go for deals in terms of price would affect their perceptions regarding their attitude and behaviors with regards to the firm and possibly their decision to transact with that firm (purchase intention). Dapko also introduced the construct of perceived firm motives that has a moderating effect on consumer skepticism and trust. She argued that test participants will react in a more positive way in terms of their perception on the firm's transparency if they believe that the firm is acting on the consumers' behalf (other-serving motives) and similarly they will react less positively if they believe the firm is acting in their own interest (firm-serving motives) (Dapko, 2012). However this hypothesis was also not supported with the research where Dapko (2012) concluded that firms' intentions or motives were not really essential to the general evaluation of transparency. She deducted that people may give importance to whether a firm is transparent or not more than the reason why a firm is transparent or not (Dapko 2012).

Several consequences were defined in the previous research by Dapko, namely trust and consumer skepticism. It has been seen than a consumer's perception of a firm's transparency affects how skeptic they can be toward the firm in a decreasing manner and increases their trust toward the firm. These results were confirmed in this study. However, the author introduced an additional construct of firm reputation with the hypothesis that transparency also affects the person's perception of reputation toward that firm and which in the end was supported in the study. Dapko (2012) had researched and proven in her study firm transparency's positive effect on purchase intention and attitude toward the firm. In this study, the author chose to keep only the attitude toward the firm however not the purchase intention construct because the mediating effect of consumer skepticism and trust between transparency and purchase intention was not supported in the original dissertation. Instead, the author opted to add the new construct namely relationship quality which is recognized as a higher-order construct with distinct dimensions with more depth. The hypothesis stated that a consumer's perception of a firm's transparency would positively impact their relationship quality with that firm and that this construct would be mediated by firm reputation, trust and consumer skepticism.

In order to validate and apply into the Turkish context, the study was done in two phases. In the primary phase, the transparency scale items in the Dapko study was tested qualitatively through in-depth interviews with eight different respondents. Following this, a quantitative research was done with the method of online survey with 1.038 respondents from all over Turkey as the secondary phase through convenience sampling technique. This research ended up enabling 478 usable observations after applying the quotas of banking industry and target segment of consumers who have purchased a consumer loan under 50.000 TL amount in the past 5 years.

As an assessment tool, Structural Equation Modeling (SEM) was used to test the fit of the data to the measurement model using LISREL 8.8 (Jöreskog & Sörbrom 1993). The model had 9 constructs and 41 variables in total. A confimatory factor analysis was performed to examine if the scale items corresponded strongly to the model constructs. The beta values ranging between 0.45 to 0.94 confirmed that the factor loadings loaded significantly on the corresponding constructs and the t-values ranging between 9.69 to 44.27 clearly portrayed that the results were statistically significant. The measurement model test resulted in an acceptable fit to the data, demonstrated by the following goodness of fit statistics: CFI: 0.97; NFI: 0.97; RMSEA= 0.08 (<0.08=good fit according to Hooper, Coughan & Mullen, 2008; Jöreskog & Sörbom, 1993; Sümer 2000). After adding the mediating variables of consumer skepticism, trust and perceived firm reputation the goodness of fit of the model increased (CFI: 0.98; NFI: 0.97; RMSEA= 0.075 which confirmed that the mediating variables positively impacted the results of the model).

Testing concluded in expected results for 13 out of 14 hypotheses. The study affirmed that consumer effort and firm reciprocity acted as an antecedent to firm transparency. In the same manner, consumer skepticism, trust and firm reputation is affected in consequence to the perception of firm transparency. Additionally, it was seen that firm transparency positively affects consumers' attitude toward the firm and their relationship quality. The mediating relationships were also confirmed between firm transparency and attitude toward the firm and relationship quality through consumer skepticism, trust and firm reputation. The only mediating relationship that was not supported was the mediating relationship of consumer skepticism of firm transparency on relationship quality. The model had also introduced the construct of "deal-proneness" as a co-variate to test if the participants' behavior or attitude toward deal-proneness affects their perception of firm transparency. According to the results, this relationship was found to be insignificant.

The study has several contributions to marketing and management literature and its practitioners. Primarily, the study contributes to literature by validating and extending the conceptualization of the construct firm transparency. Additionally, the extended model provides real life testing in the Turkish context with regards to a specific industry and product whereas previous research was only carried out in an experimental setting with university students. The developed version delivers a more robust model that identifies the links between transparency and related constructs that are important to management and marketing literature such as trust, attitude and reciprocity which are some of the most important pillars of long-term and valuable relationships between organizations and its stakeholders. The dissertation also reevaluates and confirms previous hypotheses while at the same time expanding transparency conceptualization through adding new constructs namely firm reputation and relationship quality that were not previously examined. It is of critical importance for firms to understand the increased demands of transparency from all its stakeholders. This study establishes with solid evidence that firms need to look for ways to genuinely become more transparent rather than "try to seem" transparent through marketing tactics. Transparency is a core element of good management which allows all stakeholders to hold firms accountable for their actions and their performance.

IMPLICATIONS OF THE STUDY

As this study was carried out with real life data to further improve the experimental testing of the Dapko model (as it was mentioned in her dissertation as a limitation), there are important implications both for the academicians and practitioners of business strategy and marketing through the direct relationship established between perception of a firm's transparency and its effect on consumers.

The results of the study confirm that there is a strong relationship between the aforementioned constructs. To detail further, the study affirms that being more "transparent" as a firm affects positively the consumer's perception of trust to the firm, its reputation, the respective relationship quality. However, a consumer' perception of transparency is affected by several constructs. The consumers expect that if a firm is transparent, then there is ample information on the firm that is easy to access and track (consumer effort). In addition, the consumers expect that the communication between themselves and the firm is a two-way relationship which is responsive and active (firm reciprocity). These in return, help reduce the consumer's skepticism on whether a firm is transparent or not and affect their decision making process and their attitude toward the respective company.

Managerial implications of the study for practitioners suggest that it is possible to carry out ethical marketing tactics and still create valuable relationships (both financially and emotionally) between the companies and consumers. Even in an industry such as financial industry where the levels of consumer trust may be relatively low, we see the effect of the consumers' perception of transparency positively affect their attitude toward the firm. In this respect, we can expect that the firms with higher transparency perception to possibly having a bigger competitive advantage in such a market. In order to do this, the firms can analyze what affects the consumers' perception. Allowing the consumers to have easy access to the information they need and offering them reciprocal communication through different contact channels is a simple and quick way to start this process. Introducing marketing strategies and activities through Customer relationship marketing (CRM) processes help marketing practitioners build client relationships, customer loyalty and brand value would allow firms to build long-term relationships with existing and prospective customers. CRM processes were built specifically for firms to have deeper engagement levels with their customers on a personal level and turn the one-way marketing messages into a two-way dialogue between the parties. As Peel, in his book *CRM: Redefining Customer Relationship Management* puts it:

> "Customer relationship management (CRM) is about understanding the nature of the *exchange* between customer and supplier [firm] and *managing* it appropriately. The exchange contains not only monetary consideration between supplier and customer but also *communication*. The challenge to all supplier organizations [firms] is to optimize communication between parties to ensure *profitable* long-term relationships" (2003, pg.3).

For academicians, there is room to further research the topic from different perspectives and in different contexts. This study focused on mainly the positive aspects of firm transparency, however future research can look into whether there are negative aspects to the company-consumer relationship. Furthermore, research can be carried out to figure out the process it takes for a firm to become more transparent and if the consumer still responds to these efforts and if their minds and attitudes are changed. Research can be done to find out if there are industries or markets where transparency is irrelevant for continuance of the relationship.

LIMITATIONS OF THE STUDY

The major limitation of this study is the use of a single industry, product and target segment (namely financial industry, consumer loans and people who have taken out a loan in the last five years). The study was carried out to validate the original Dapko model in a real life setting with real customers and this was successfully achieved. However, the model can be further researched in different industries and products which will offer an opportunity to further assess the effects of transparency in a more comparative manner.

The model also introduced the construct of "deal-proneness" as a co-variate to test if the consumers' behavior or attitude toward deal-proneness affects their perception of firm transparency. According to the results this relationship seems to be insignificant which may offer opportunities for further research to see if any other promotional activities carried out by marketing practitioners have an impact on the construct of transparency.

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APPENDIX 1

The questions used in the online survey can be seen below.

Table A.1: The Survey of the Study

Questions on Control Variables

Son 5 yıl içerisinde herhangi bir ihtiyaç kredisi kullandınız mı?
Lütfen en yakın zamanda aldığınız ihtiyaç kredisinin ihtiyaç sebebinizi belirtiniz.
Lütfen en yakın zamanda ihtiyaç kredisi kullandığınız bankayı belirtiniz.
Lütfen en yakın zamanda aldığınız ihtiyaç kredisinin geri ödeme vadesini belirtiniz.
Lütfen en yakın zamanda aldığınız ihtiyaç kredisi miktarını belirtiniz.

Questions on Deal Proneness (Co-variate)

İndirimde olan bir ürünü aldığımda iyi bir fırsat yakaladığımı düşünürüm.
Sevdiğim markalar var fakat genellikle indirimde olan markayı almayı tercih ederim.
İnsanların indirimde olan bir ürünü tercih etmeleri gerektiğini düşünürüm.
İndirimde olan bir ürünü alma ihtimalim yüksektir.
Diğer insanlarla kıyaslandığında, indirimde olan ürünleri satınalma ihtimalim daha yüksektir.

Questions on Perceived Firm Transparency

Bu banka hatalarını saklamaz.
Bu banka kendini kötü gösterecek bilgileri dahi benimle paylaşır.
Bu banka aldığı kararları bana açıklar.
Bu banka istediğim her bilgiyi benimle dürüst bir şekilde paylaşır.
Bu banka bana açık davranır.
Bu bankayı içindeki her şeyi görebileceğiniz camdan bir binaya benzetirim.
Bu banka yaptığı işler konusunda beni bilgilendirir.

Questions on Perceived Consumer Effort

Bu banka hakkında istediğim bilgileri öğrenebilmek için firmanın internet sitesinde uzun bir süre geçirmem gerekir.
Bu banka hakkında bilgi alabilmek için çok çaba göstermem gerekir.
Bu banka her hangi bir bilgi paylaştığında, o bilgiye erişmek çok zor olur.

Questions on Perceived Firm Reciprocity

Bu banka müşterileriyle iki yönlü bir iletişim kurar.
Bu banka onunla iletişim kurmam için bana fırsat verir.
Bu banka ile karşılıklı bir fayda ilişkisi içerisindeyiz.
Bu banka bir sorunumu çözdüğünde ben de karşılığını vermeye çalışırım.
Bu banka bana özel bir fırsat ya da yardım sunarsa bu davranışın karşılığını vermeye çalışırım.

Questions on Consumer Skepticism

Bu banka benim için iyi olanı değil kendi için iyi olanı düşünür.
Bu banka ürünlerini alması için müşterilerini kandırır.
Bu banka müşterilerini manipüle eder.
Bu banka kendini olduğundan daha iyi gösterir.
Bu banka bana ihtiyacım olmayan şeyleri satmaya çalışır.

Questions on Trust

Bu banka verdiği sözleri tutar.
Bu banka müşterileriyle açık bir iletişim kurar.
Bu bankaya güvenirim.
Bu banka dürüst bir bankadır.

Questions on Perceived Firm Reputation

Bu banka hakkında olumlu hislere sahibim.
Bu banka hayranlık ve saygı duyduğum bir bankadır.
Bu banka genel olarak itibar sahibi bir bankadır.

Questions on Attitude Toward the Firm

Kötü bir bankadır: İyi bir bankadır
Tercih edilmeyen bir bankadır: Tercih edilen bir bankadır
Sevilmeyen bir bankadır: Sevilen bir bankadır
Bu bankayı beğenmiyorum: Bu bankayı beğeniyorum

Questions on Relationship Quality

Bu banka bana her zaman iyi davranır.
Bu banka bana kendimi önemli ve değerli bir müşteri gibi hissettirir.
Bu banka ilişkimizi sürdürmemiz konusunda bana güvenebilir.
Bu banka ile yakın dönemde çalışmaya devam edeceğim.
Genel olarak değerlendirdiğimde, bu banka ile ilişkimden memnunum.

Questions on Demographics

Doğum Yılınız
Medeni durumunuz
Cinsiyetiniz
Eğitim durumunuz (en son mezun olduğunuz okul)
Lütfen hanehalkı büyüklüğüzü belirtiniz.
Lütfen net aylık hanehalkı gelir düzeyinizi belirtiniz.

The Revisions to the Questionnaire

The questionnaire was revised for a total of 6 times based on reviews and comments from the İstanbul Bilgi University thesis panel.

ETİK KURUL DEĞERLENDİRME SONUCU/RESULT OF EVALUATION BY THE ETHICS COMMITTEE

(Bu bölüm İstanbul Bilgi Üniversitesi İnsan Araştırmaları Etik Kurul tarafından doldurulacaktır /This section to be completed by the Committee on Ethics in research on Humans)

Başvuru Sahibi / Applicant: Sevinç Ener

Proje Başlığı / Project Title: Perceived Firm Transparency: Model Development and Evaluation

Proje No. / Project Number: 2018-30672-118

1.	Herhangi bir değişikliğe gerek yoktur / There is no need for revision	XX
2.	Ret/ Application Rejected Reddin gerekçesi / Reason for Rejection	

Değerlendirme Tarihi / Date of Evaluation: 1 Kasım 2018

Kurul Başkanı / Committee Chair

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Prof. Dr. Aslı Tunç

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