Service Quality and Customer Satisfaction in Cairo - Amman bank- in Jordan

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Abstract

The aim of this research in Jordan is to measure the factors of service quality in Cairo-Amman Bank through its customers. To this end, the study utilises a quantitative instrument. A random sample of banks' customers (n=190) was recruited from the selected Cairo-Amman banks for research participation. The results of this study indicated that service quality is an important antecedent of customer satisfaction. It is apparent that the managers and decision makers in Cairo-Amman banks seek to improve the elements of service quality that make the most significant contributions to customer satisfaction. This is consistent with results of past studies reporting a significant positive association between the two variables of service quality and customer satisfaction. This study also offers important implications for practice: utility of good quality in the maintenance of sustainable business practices and customer satisfaction, thus acknowledging customers as an important stakeholder group.

Keywords: Service quality**,** Customer satisfaction, Cairo-Amman bank, Jordan

Introduction

To meet customer demands by delivering service is a vital part of the banking services industry (Arasli, Salih and Salime, 2005; Alafi, 2010). Globalization of bank operations requires that banks adopt this growth strategy to offer a diverse portfolio of competitive services and to restructure their services in order to meet changing needs (Alafi,2010). Cairo-Amman Bank was established as a commercial bank for Jordanian 1975, and now has around 45 branches across this country to cater for the needs of the Jordanian population. Overtime has led to the establishment of various interest-based banks and this bank is rapidly growing in the national economy and finance industry (Gait and Worthington, 2008)

2Literature Review

2.1 Service Quality

The review of service quality revealed strong emphasis on both the importance of the perception of service quality and the relationship between service quality and customer satisfaction. Jamal and Naser (2010) examined the banking industry in Turkey and their results demonstrated that customer contact personnel played a very important role in the delivery of high quality service.

2.2 Customer Satisfaction

Customer satisfaction is a post purchase attitude formed during a mental comparison of the high quality that a customer predicts to receive from transaction and the level of the quality the customer perceives actually receiving from an exchange (Carden and Dellifrain, 2004). Mcquilty et al., (2000) says it is the result of an evaluative process with affective fundamentals: comparing pre-purchase expectations with perceptions of performance to create the attitudinal judgment. For the purposes of this paper, the definition of customer satisfaction includes both judgmental (intellectual/rational) responses and emotional responses because customers are human.

Both factors are at work in their responses to experience in the banking marketplace, and an emotional element is always present in any transaction (Alafi, 2010). It has become a popular topic in marketing since the 1980s and is a debated matter through both business expansions and recessions.

If expectations are exceeded, positive disconfirmation results, while a negative disconfirmation results when customer experience is poorer than expected. To measure customer satisfaction Kuo (1996) documented seven factors that influence this element: convenience, service content, price, equipment, corporate image, staff and procedure.

2.3 Service Quality and Customer Satisfaction

To examine the importance of service quality and its relationship with customer satisfaction, Arasile et al., (2005) and Yavas et al., (1997) examined the banking industry in Turkey and results showed that customer contact personnel played a very important role in the delivery of high quality service. Alhemoud, (2008) found in his study conducted in Kuwait with 605 retail customers that customers were satisfied with services provided by retail banks. Identifying and meeting customer demands by delivering services is a vital part of the banking and financial services industry. Beer (2003) defined service as a set of characteristics and overall properties of the service which aims to satisfy the clients and meet their needs (Parasurama, 1994). Dkempe, M. G. (2008 found service quality could be assessed through the factor of reliability: the ability of an organization to accurately achieve its services in the proper time and according to the promises it has made to its clients. The current study uses the 'SERVQUAL' model developed by Parasuraman, et. al., (1988) which is based on the twin factors in levels of customers' expectations of the service and their perceptions of the actual service performance. So the axis of this model is represented by the gap between the customers' perceptions of the actual service performance level and their expectations of the service quality. This interval, in turn, depends on the nature, design and provision of this service. The major objective of the 'SERVQUAL' model is to clarify the series of differences which affect the beneficiary's perception of service quality; that is, gaps in the three previously mentioned elements of service quality, reliability, empathy and assurance occurring in the administrative aspect.

Research Model

Figure (1) Conceptual Model for the Study Variables
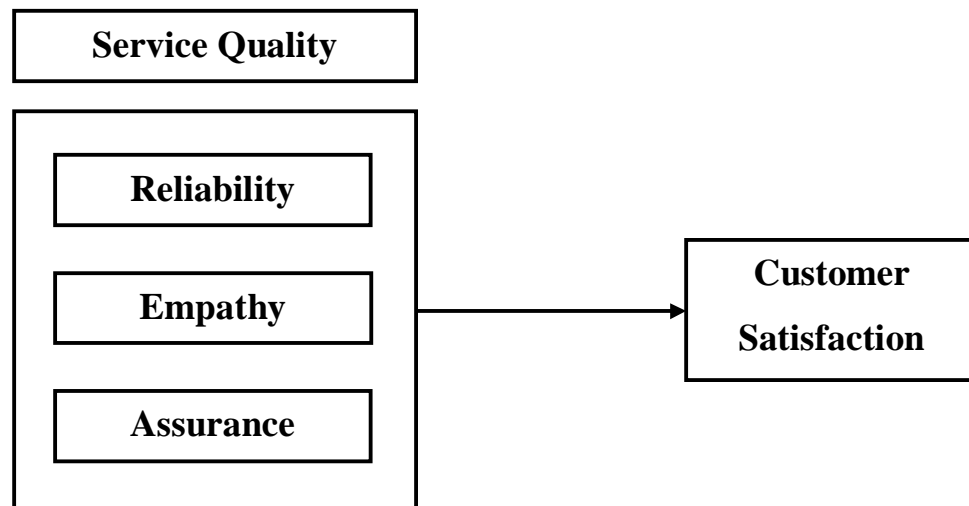
Resource: Parsuraman and Berry (1988), Alafi (2010)

3 Objective of the Study

The objective of this study to explore the effect relationship between service quality and customer satisfaction

4 Hypothesis

To achieve the objective of the present study the following hypothesis is proposed:

H1. Service banking quality positively affects customers' satisfaction in Cairo-Amman bank in Jordan

5. Methodology

5.1 Variable Measurements

5. 1.1 Independent Variables

This is service quality. Parasuraman et al's. (1988) SERVQUAL instrument involves five dimensions of service quality but this study uses only three of them which comprise 15 items, namely Reliability, Empathy and Assurance dimensions. Sample items include: "The bank has modern equipment";"Bank employees are dependable in handling customer's service problems"; "Bank employees give customers individual attention"; "Bank employees instill confidence in customers" and "Bank employees provide prompt service to customers". Responses to these items were made on a five-point Likert scale ranging from (1) "strongly disagree" to (5) "strongly agree".

5.1.2. Dependent Variable

This is customer satisfaction. Five items adapted from Walfried et al. (2000) were used for its measurement. A sample item includes: "How satisfied are you with the checking account services provided by your bank"? The questions of customer satisfaction followed a five-point Likert scale with answers of(1) "very dissatisfied" to (5) "extremely satisfied "with an option for "not applicable". The item indicated that high scores reflected stronger satisfaction with service .

5.1. 3 Population and Sampling

A survey was conducted to collect data from the sample. In total 190 questionnaires were distributed randomly to customers of Cairo-Amman bank in Irbid City (the second largest city after the capital Amman) located in Northern Jordan about 80km north of Amman. It has about 12 branches of the Cairo-Amman banks.

The customers were asked to fill out the questionnaires for each chosen branch and consenting subjects were requested to assess their perceptions of the various items representing service quality and customer satisfaction.

6. Analysis

Following the aim of the current study, the main areas of questioning and analysis concerned perceptions of service quality and its dimensions: reliability, assurance and empathy with customers' satisfaction. As explained, perceptions were measured on a five point - "strongly agree" to "strongly disagree" Likert-type scale. Calculated means and standard deviations for all the items, also person correlation coefficient between service quality in Cairo-Amman bank and customer satisfaction by Simple Linear Regression plus Anova Analysis of Variance were used**.** SPSS version 16.5 personal computer version was also employed.

Table 1: Service Quality in Cairo- Amman Bank in Jordan

No.	Item	Mean	Std. Deviation	degree
re1		2.81	1.21	
re2		3.45	1.09	
re3		3.21	1.13	
re4		2.60	1.19	
Reliability		*3.0175*	*.89*	
ass1		2.04	1.19	
ass2		3.25	1.23	
ass3		2.81	1.37	
ass4		3.41	1.31	
Assurance		*2.877*	*.86*	
em1		1.83	1.36	
em2		3.13	1.35	
em3		2.53	1.31	
t5		3.18	1.05	
Empathy		*2.66*	*.73*	

*Minimum (1), Maximum (5)

The data in Table1 brings to light the difference in the perceptions of the Cairo-Amman bank with their respective customers on "reliability". The data reveals that banks such as ATM technically equipped (3.45) are exceeding the perceptions of their customers. The element-wise analysis of "tangibility" shows the following: serious up-to-date modern equipment, physical facilities available in a bank, appearance, materials in banks and internet facility as perceived by their respective customers. Regarding numbers of ATM's available there was almost equal rating on "assurance" dimensions for the bank. The element-wise analysis shows that is equal to the perceptions of their customers for "trustworthiness" and "courtesy with customers", while Item No 2 ranked last (mean 1.83) with a low estimate degree of "empathy". The "empathy" dimension of service quality with their customers, showed that the bank ranks far below the perceptions of their customers. The element "assurance": intelligent analysis of this dimension shows that the Cairo-Amman bank is meeting the perceptions of customers on communicating to the customer regarding "performance of service", "employees providing prompt services" and "motivation to help customers" to a high degree (3.41).

Table 2: Satisfaction in Cairo-Amman Bank Means Estimates of Study Sample

No.	Item	Mean	Std. Deviation	degree
pr1		3.16	1.23	
pr2		2.32	1.29	
pr3		2.36	1.55	
pr4		2.48	1.20	
Satisfaction		*2. 582*	*.85*	medium

*Minimum (1), Maximum (5)

Table 2 shows the mean for Satisfaction is 2.582 with a degree estimate of medium, where Item No. 1 has the highest degree with a mean 3.16 and an estimate of medium degree, while Item No. 2 ranked last: mean 2.32 and with a low estimate degree.

Table 3: Service Quality in Cairo –Amman Bank- Jordan

		Profitability
Empathy	Pearson Correlation	.523[**]
	Sig. (2-tailed)	.000
	N	218
Reliability	Pearson Correlation	.650[**]
	Sig. (2-tailed)	.000
	N	218
Assurance	Pearson Correlation	.560[**]
	Sig. (2-tailed)	.000
	N	218
Service Quality	Pearson Correlation	.737[**]
	Sig. (2-tailed)	.000
	N	218

As Table 3 shows, there is a positive relationship which is statistically significant between the service quality in Cairo-Amman bank and Satisfaction, this evidence demonstrates that good service quality increases Satisfaction, with the highest (0.650) correlation between Satisfaction and Reliability, and the lowest (0.523) between Satisfaction and Empathy.

The impact effect of Service Quality in Cairo-Amman bank on Satisfaction was tested using linear regression analysis: simple linear regression showed if there was an impact of a statistically significant independent variable Service Quality on the dependent variable Satisfaction at a statically significant degree (a= 0.05).Table 3 shows the result of this analysis.

Table 4: Simple Linear Regression b (Model Summary Regression)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.740[a]	.549	.536	.63864	.549	264.255	1	217	.000

a. Predictors: (Constant), Service Quality
b. Dependent Variable: Satisfaction

The table shows that the value of correlation coefficient multiple correlation between the independent variable (Service Quality) and the dependent variable (Satisfaction) was (.740) factor determining the rate Adjusted R square (.546), and this indicates that the service quality has an impact on Satisfaction by (53.6%).

Table 5 :ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	107.780	1	107.780	254.255	.000[a]
	Residual	88.507	217	.408		
	Total	196.287	218			

a. Predictors: (Constant), Service Quality
b. Dependent Variable: satisfaction

Table **5** shows the explanation of the independent variable Service Quality statistical (F) is **254.255** which is significant at the level of (**0.05).** The values were also calculated for standardized regression coefficients, standardized coefficients and unstandardized coefficients.

Table 6 :Simple Linear Regression (Coefficient)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Error	Beta		
1	(Constant)	-.220	.186		-1.180	.239
	Superior Service Quality	.962	.059	.741	16.226	.000

a. Dependent Variable: satisfaction

As Table **6** shows, the independent variable service quality effect on the dependent variable at the (T = **16**. **226**) level which is significant.

7. Discussion

The satisfaction in terms of service quality is relational marketing. The relationships are mostly viewed from the perspective of the providing services. For service compact, in this case the banks, building strong relationship is important for improving customer satisfaction through service quality. Questions proposed that there were positive and significant relationships between Service Quality and Satisfaction by Cairo-Amman bank in Jordan. The results showed positive and significant relationships. These findings are consistent with the results of the past studies (Abdullah and Kassim, 2009; Hasoneh and Alafi, 2012).

8. Conclusion

With the research questions the relationships between service quality and satisfaction were found to be positively significant.

The current research established a positive direct relationship was found between service quality and satisfaction consistent with the results of past studies (Carden, R. and Dellifrain, 2004; Eugene et al, 2004).

9. Limitations

Data from one bank in an undeveloped country may not generalize to the developed world. Bias may happen when the data is collected from customers who are very loyal to the bank.

10. Implications for Practice

The implications for practice are: that the banking market in an uncertain customer satisfied environment can maintain sustainable business practices by considering its most important customer stakeholder group. How do banks retain existing and potential customers in a world increasingly sensitive to social demand ? The significant findings of the present research about service quality and customer satisfaction have implications for banking managers in policy-making: to widen their product offerings in the increasingly competitive world of globalized business.

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