CUSTOMER SATISFACTION WITH SERVICE QUALITY IN IRAQI CONVENTIONAL BANKS: THE CASE OF SALAH AL DIN BANKS

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ABSTRACT

The purpose of this paper is to evaluate the customer satisfaction of the banks sector in Iraq, and in particular Salah Al Din, based on customer perception regarding service quality. This is an empirical study using mainly primary data collected through a well-structured questionnaire. The questionnaire has been personally administered on a sample size of 149 bank customers, chosen who were based on a convenient sampling from five Iraqi banks; Rafidain Bank, Rasheed Bank, Agricultural Bank, Estate Bank and Mosul Bank. This paper makes a useful contribution as there are only a few studies dealing with the assessment of service quality in conventional banking sector of Iraq. The results indicate that all of the four hypotheses tested are supported. There is a positive impact and significant relationship between the customer satisfaction and four dimensions of service quality. The highest satisfaction according to customer's perception is in the empathy area and lowest in the tangibles area. The positive and significant relationships confirm the effect of service quality on customer satisfaction of the conventional banks in Iraq.

ACKNOWLEDGEMENT

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SERVQUAL   Service Quality

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Across all service industries, the issue of service quality remains a critical one as businesses strive to maintain a comparative advantage in the marketplace. Because financial services, particularly banks, compete in the marketplace with generally undifferentiated products, service quality becomes a primary competitive weapon (Stafford, 1996). A banking organization can get a lot of customer by providing high quality services. Structural changes have resulted in banks being allowed a greater range of activities, enabling them to become more competitive with non-bank financial institutions (Angur et al., 1999).

Technological advancements are causing banks to revise their strategies for services offered to both individual and commercial customers. Furthermore, banks that excel in quality services can have distinct marketing edge since improved levels of service quality are related to higher revenue, higher customer retention, higher cross-sell ratios (Bennett & Higgins, 1988). In addition, the banks understand that customers will be loyal if they can produce greater value than their competitors (Dawes & Swailes, 1999).

Moreover, higher profits will be earned by banks if they can position themselves better than competitors within a specific market (Davies et al., 1995). Hence, banks should focus on service quality as a core competitive strategy (Chaoprasert & Elsey, 2004). Hence, customer satisfaction and service quality have become the focal point of all banking institution around the world (Hossain & Leo, 2009), and the banking sector in Iraq is not an exception.

The Iraqi banking sector is continuously expanding and improving with diversified patterns of ownership due to an active participation of local and foreign stakeholders. The Iraqi banking sector comprises a State Bank of Iraq, which are the country's central and a combination of local and foreign banks. A total of 39 banks currently are operating in Iraq as shown in Table 1.1, seven of which are publicly owned, 19 private banks, seven Islamic banking, and seven foreign banks.

Table 1.1   Banking Sector of Iraq

N	Government's Banks	Private Banks	Islamic Banks	Foreign banks
1	Rafidain Bank	Bank of Baghdad	Islamic of Iraq	Bahrain's Arab Banking Corporation
2	Rasheed Bank	Iraqi Commercial Bank	Elaph Islamic	Agricultural Bank Turkish aprons
3	Industrial Bank	Warka Investment	Kurdistan International	Bank Melli Iran
4	Agricultural Bank	Middle East Bank	National Islamic	Lebanon's Byblos Bank
5	Real Estate Bank	Iraqi Investment Bank	Tigris and Euphrates	Intercontinental Bank
6	Iraq Bank	Dar Al Salaam Bank	Regional Bank	Bank of Beirut and Arab countries
7	Trade Bank	Mosul Bank	Beliad Islamic	
8		Babylon Bank		
9		Basra International		
10		Native Bank		
11		Economic Bank		
12		Sumer Bank		
13		Business Bay Bank		
14		Erbil Bank		
15		Union Bank		
16		North Bank		
17		Mansur investment Bank		
18		Amerld Bank		
19		Bank of Ceyhan for investment		

1.2 Problem Statement

The important problem facing the Iraqi banks is that a number of them are still operating under the old programs (Khalid et al., 2011). Another important problem faced by the banking sector in Iraq is the lack of qualified and experienced manpower which ultimately translate into low quality service delivery to the banks customers.

As such, most banks now have developed a way to address consumer problems. A suggestion box placed at the foyer or entrance of the bank or a well-conducted survey is a good start to learn about consumer needs. Feedbacks from the survey would reveal the reasons that led to customer satisfaction. It will demonstrate that in order to maintain the grip on customer, many banks have now set up suggestion and complaint avenues such as hotlines, 24-hour call services and online services.

In this study the service quality has been adopted from the study of (Parasuraman et al., 1985). Service quality is a vital antecedent of customer satisfaction (Cronin Jr & Taylor, 1992). In turn, customer satisfaction is believed to affect post purchase and perception and future decisions. Parasuraman et al (1985) has originally identified ten determinants of service quality generic to the service industry.

These determinants are tangibles, reliability, responsiveness, competence, courtesy, credibility, security, access, communication, and understanding the customer. Parasuraman et al (1985) recognized these factors as SERVQUAL. It has become

widely used as a generic instrument for perception measuring of service quality. The instrument items represent the four dimensions explained below:

1. Reliability. This dimension refers to the ability to perform the service dependably and accurately.

2. Responsiveness. This dimension refers to the willingness of customers and provides prompt service.

3. Tangibility. This dimension refers to the physical facilities, equipment, and appearance of personnel.

4. Empathy. This dimension refers to the level of caring and individual attention provided to customer.

1.3 Research Question

1. Is there any significant relationship between tangible and customer satisfaction?
2. Is there any significant relationship between reliability and customer satisfaction?
3. Is there any significant relationship between responsiveness and customer satisfaction?
4. Is there any significant relationship between empathy and customer satisfaction?

1.4 Research Objectives

Within this background customer satisfaction and service quality are receiving the attention of all banking institutions around the world and in recent years, academicians and practitioners have also given more attention in this area. Thy have assumed that service quality is a critical measure of firm performance (Lassar et al., 2000). Therefore, the objectives of the paper are:

1. To find out the relationships between service quality attributes (tangibles, reliability, responsiveness, empathy) and customer satisfaction in the conventional banking sector of Iraq.

2. Seeks to identify the most important service quality attributes among tangibles, reliability, responsiveness, empathy, which experienced by the bank customers.

3. To test a service quality by using retail banking services in the developing countries like Iraq as a case point.

1.5 Significance of this Study

Since Iraq is one of the Middle Eastern countries that have been neglected in prior studies on the value of services quality and its impact on the customer satisfaction, this study will extend the literature in this region.

This study will extend the research on services quality which is relevant to Iraqi conventional banks. Furthermore, we will be able to determine the impact of many financial and non-financial factors on the services quality in Iraqi conventional banks.

1.6 Scope and Limitation of the Study

The present study is limited to conventional banks operating in Salah Al Din, Iraq. Therefore the finding of this research is limited to Salah Al Din conventional banks and may not be able to be generalized to other countries. However since the most of the banks in Iraq use similar IT/technology-based distribution channels to provide banking service, it is assumed that the finding may have the ability to generalize customer satisfaction with respect to the service quality in various distribution channels used by banks in Iraq.

1.7 Conclusion

This chapter describes the background of the study. Changing trend of service delivery systems in retail banking plays an important role in customer satisfaction. However, measuring the service quality of the services delivered is very important so that we can see the effect on the bank's performance. This chapter also describes problem statement, research question and objectives of the research study followed by the identification and explanation of the important concepts of the study.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This section reviews the literature relating to the banking sector, distribution or service delivery systems in the banking sector, its evolution and the quality of these services delivery systems and its importance to customer's overall satisfaction.

The issue of distribution of retail banking services has received growing attention in the academic and professional literature as it has been hailed as an increasingly important factor in determining whether a company competes effectively in its chosen markets.

In an increasingly competitive and deregulated environment, superior distribution strategies concerned with how to communicate with and deliver products to the consumer most effectively (Howcroft & Lavis, 1986).

2.2 Customer Satisfaction

Before proceeding further, it is best that one fully understands the definition of the customer satisfaction. Customer satisfaction is the term most commonly used in trade and industry. But is an expression of the work explaining this type of measurement of products and services offered by the company to meet the expectations of its customers. For some, this may be considered the company's key performance indicator.

Customer satisfaction is one of the important outcomes to marketing activity (Spreng et al., 1996). So, there are a lot of studies on satisfaction in marketing literature (Oliver, 1997). In today's highly competitive banking industry, customer satisfaction is considered as the essence of success (Siddiqi, 2011). A lot of studies have dealt with satisfaction of customers or consumers with products or services. Marketing researchers in general agree that satisfaction is response to consumption related experiences (Anderson et al.,1994).

Prabhakaran & Satya (2003) highlights that customer is the king. According to Webster (1954), the fundamental purpose of any business is to create customer satisfaction. Increasing customer satisfaction has been found to lead organization for higher future profitability (Anderson et al., 1994), increased buyer willingness to pay premiums, provide referrals, and use more products (Reichheld, 1996), and higher levels of customer retention and loyalty (Fornell, 1992).

Giese & Cote (2000), identified the components of satisfaction such as: Customer satisfaction is one kind of response (emotional or cognitive), the response emphasises on a particular focus (product, consumption, experience, expectations etc.), and response occurs at a particular time (after choice, based on accumulated experience, after consumption etc.

Kotler & Getner (2002) defined satisfaction as a person's feelings of pleasure or disappointment resulting from comparing a product's or service's perceived performance (or outcome) in relation to his or her expectations. Hoyer & MacInnis (2001) said that satisfaction can be associated with feelings of acceptance, happiness, relief, delight, and excitement.

In a competitive market where companies compete for customers, customer satisfaction is considered as the main differences, and increasingly has become an essential component of business strategy. There is a wide range of experimental literature that determines the benefits of customer satisfaction for firms. It is well established that customer satisfaction is key to business success in the long term (Kristensen et al.,1992).

Many researchers visualize customer satisfaction and the individual's sense of fun (or frustration) resulting from the comparison (Oliver, 1981). There are two types of public perceptions on satisfaction here, a deal-specific satisfaction and cumulative satisfaction (Boulding et al., 1993).

Transaction-specific evaluation of client satisfaction is very special to him or her experience and the reaction to a particular service meeting (Lian, 2009). This is expressed by the reaction of customers who faces the product or service for the first time. In the meantime, satisfaction refers to the cumulative total customer evaluation of the experience of consumption to date (Johnson et al.,1995).

It is of this accumulation that customers create a personal standard which is used to measure the quality of service. However, in general, it is agreed that the measurement of customer satisfaction is to assess the post-consumption by the user, about acquired products or services (Churchill Jr & Surprenant, 1982).

There are many factors that affect customer satisfaction. According to Singh (2006) these factors include friendly employees, courteous employees, knowledgeable employees, helpful employees, accuracy of billing, billing timeliness, competitive pricing, service quality, good value, billing clarity and quick service.

In order to achieve customer satisfaction, organisations must be able to satisfy their customers' needs and wants (LaBarbera & Mazursky, 1983). Customers' wants, according to Kotler & Gertner (2002) refer to "the form taken by human needs as they are shaped by culture and individual personality''.

Achieving customer satisfaction is a vital target for most service firms today (Jones & Sasser, 1995) as it leads to improved profits, word of mouth, and less marketing expenditure (Al-Hawari & Ward, 2006) Many empirical studies in the literature have found a positive relationship between customer satisfaction and financial performance (Van der Wiele et al., 2002).

This has resulted in customer satisfaction to be the focus of a large marketing research, the banking industry is one of the many service industries where customer satisfaction so important to make it successful industry (Naser et al., 1999). One of the main reasons is that the level of Competition has become more influential factor in determining the competitiveness of banks (Metawa & Almossawi, 1998). Therefore, there is no dearth in the literature addressing the concept of customer satisfaction (Patterson & Anuwichanont, 2003).

Throughout the development phase of research in the field of customer satisfaction, and one question still not close with some exceptions. This is whether the "customer satisfaction" is different from the products and services or that it is the same? Another related question is what measures should be used, directly or indirectly, to develop a full concept and measurement of behavioural components of customer satisfaction resulting from the consumption (Malhotra et al., 1994).

2.3 Service Quality

At this time, the quality of service has become one of the important factors in measuring the success of industries. Marketers agree that the service quality provided really have a major impact on customers to distinguish between organizations competing and contribute effectively to customer satisfaction (Parasuraman et al., 1994). Service quality has a definition and wide, but the definition of a comprehensive concept and definition of the most famous of the concept proposed by researchers around the idea that this is the result of a comparison between that customers make their expectations about service and their perception of the performance of service (Li & Kaye, 1998).

Service quality also can be defined as the difference between customers' expectations for service performance prior to the service encounter and their perceptions of the service received (Asubonteng et al., 1996). The banks understand that customers will be loyal if they receive greater value than from competitors (Dawes & Swailes, 1999) and on the other hand, bank can earn high profits if they are able to position themselves better than their competitors within a specific market (Davies et al., 1995). Therefore, banks need to focus on service quality as a core competitive strategy (Chaoprasert & Elsey, 2004).

Customers evaluate banks' performance mainly on the basis of their personal contact and interaction (Gronroos, 1990). Many scholars agree that service quality can be decomposed into two major dimensions (Grönroos, 1984). The first is referred to by Zeithaml et al (1985) as "outcome quality" and secondly, by Grönroos (1984) as "technical quality".

However, the first dimension is concerned with what the service delivers and on the other hand; the second dimension is concerned with how the service is delivered: the process that the customer went through to get to the outcome of the service. However, service quality can be also defined as "a judgment about a service's overall excellence or superiority" (Schneider & White, 2004).

Research has indicated that service quality has been recognized increasingly as a critical factor in the success of any business (Parasuramam et al., 1988), and the banking sector in this situation is not exceptional. Service quality has been widely used to evaluate the performance of banking services (Cowling & Newman, 1995). Also the banks can earn high profits if they are able to Position itself better than its competitors in a particular market (Davies et al., 1995).

Therefore, banks need to focus on the quality of service and the main competitive strategy (Chaoprasert & Elsey, 2004). Moreover, "It may be noted that Customers can understand the differences in the quality of service (Chaoprasert & Elsey, 2004).

In addition, customers can evaluate the performance of banks, mainly on the basis of their personal communication and interaction (Gronroos, 1990).

Determining the quality of the service and its components in a form that is practical in the workplace is an important endeavour that not commercial company cannot take lightly. Moreover, many scientists agree that can degrade the quality of service in two major dimensions (Grönroos, 1984). It is noteworthy that the first one by Zeithaml et al. (1985) as "the result of quality", and the second by Gronroos (1984) as "professional quality".

However, it is the first dimension with the above, and service on the other hand, is the second dimension with how the service is delivered: the process experienced by the client to get to the result of service (Zeithaml et al., 1985).

Issue of measuring the quality of service has been studied extensively in recent years. Study by McCleary & Weaver (1982) indicated that good service is defined on the basis of identifying and quantifying Behaviours that are important to customers. In spite of service quality in the banks has been considered markedly important over the years; the topic has recently been afforded even more attention. Such interest may be the result of a reduced customer base and decreased market share affecting a portion of the banking industry (Bowen & Hedges, 1993).

In truth, Bowen & Hedges (1993) believed that attention to service quality may contribute substantially to ameliorating the decrease in market share that banks might suffer. Therefore, achieving superior levels of service quality is essential for banking operations.

Despite agreement on its important for success in the marketplace, service quality remains a somewhat vague term, and not only in the banking area. As the issue continues to permeate the academic and practitioner communities, the topic remains popular within the marketing literature stimulating a lively, but respectable debate.

Definitions of service quality have been introduced, and corresponding measures have been the subject of considerable discourse among academic researchers. For example, one approach to defining and measuring service quality is that advanced by Parasuraman et al (1985; 1988), who proposed that perceived service quality can be measured by assessing the difference between consumer expectations of the service encounter and the evaluation of the encounter's outcome.

The direction and magnitude of that difference is the assessment of service quality. In the banking industry, gap analysis has been accepted as a critical tool to measure current levels of service quality. A major problem currently facing the banking sector is the insistence by clear definition and accurate quality (Bowen & Hedges, 1993), that offered several suggestions for hedge banks seeking to distinguish themselves from the competition.

Among these proposals are that the banks need to understand what quality of service (and not what it is), and to set quality standards that focus on the client. It is particularly important to focus first to those customers who are most valuable to the bank. One possible method of determine the value of these customers is by making use of customer Demographics (Bowen & Hedges, 1993).

Service quality is a very important element in any commercial activity. This is especially the case, to assess the client's marketing of quality of service and looks at the output level of satisfaction that the measures affect the bottom line of success in the business world (Iacobucci et al., 1995).

Customer expectations are beliefs about the service that the standards against which the performance of the service (Parasuraman et al., 1993) believes that customer service provider must be submitted, rather than focusing on what can be on the show (Munusamy et al., 2010).

Also can determine the quality of service based on the difference between customer expectations for meeting the service, and perceptions about the service provided. According to Oliver (1980), it is expected that customers will judge the quality and 'low if performance does not meet their expectations and high quality as when it exceeds expectations' performance'. To fill this gap requires toning down expectations or increase the awareness of what actually had been received by the client (Zeithaml et al., 1985).

Parasuraman et al (1988) recognized as SERVQUAL that has become widely used as a generic instrument for measuring of service quality. The instrument items represent the four dimensions explained below:

1. Reliability. This dimension refers to the ability to perform the service dependably and accurately.

2. Responsiveness. This dimension refers to the willingness of customers and provides prompt service.

3. Tangibility. This dimension refers to the physical facilities, equipment, and appearance of personnel.

4. Empathy. This dimension refers to the level of caring and individual attention provided to customer.

2.4 Customer Satisfaction and Service Quality in Banking Industry

Without any doubt, service quality is gaining more importance in banking industry (Munusamy et al., 2010). Both the marketing and service management literatures refer that there is strong theoretical underpinning among customer satisfaction, customer loyalty and profitability (Hallowell, 1996).

Customer satisfaction and retention are critical for banks, and investigate the major determinants of customer satisfaction (service quality, service features, situational factors and customer complaint handling), and future intentions in the retail bank sector (Levesque & McDougall, 1996).

Bloemer & DeRuyter (1998) explored how image, perceived service quality and satisfaction determine loyalty in a retail bank. Armstrong & Seng (2000), analysed the determinants of customer satisfaction in the banking industry (purchase intentions, transactional paradigm, and fairness equity.

The study of Lassar et al (2000) examined the effects of service quality on customer satisfaction from two distinct methodological perspectives – technical/functional quality and SERVQUAL.

Customer satisfaction is based not only on the judgment of customers towards the reliability of the delivered service, but also with customers' experiences with the service delivery process (Jamal & Naser, 2002). Therefore, they report demographic differences (education, gender and income levels) in the degree of customer satisfaction.

Hence, customer satisfaction with commercial and retail banking is composed of a wide variety of dimensions. Thus, consumer satisfaction (delete it) reveals the general evaluation of the actions carried out by a given business in relation to expectations accumulated after various contact between the consumer and business (Bitner, 1995).

If customers perceive that they are obtaining additional benefits from their relationship with establishment employees, their satisfaction level with the service provider will increase (Beatty et al., 1996).

Relational benefits can then be considered as important factors for customer satisfaction with financial businesses. Therefore, relational benefits mean special treatment, social benefits and confidence. This would have a strong influence on customer satisfaction with their habitual establishments (Gwinner et al., 1998).

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter covers research methodology which consists of the research design, hypotheses and the sampling procedure, data collection method, questionnaire and data analysis.

3.2 Research Design

This study has used quantitative research method, which is based mainly on the primary data collected through questionnaire. The questionnaire has been personally administered on a sample size of 250 bank customers, chosen from five conventional banks; four public sector banks and one from private sector, Rafidain Bank, Rasheed Bank, Agricultural Bank and Estate Bank (public banks) and Mosul Bank (private bank).

However, from the 250 administered questionnaires to the bank customers only 149 subjects completed and returned, which represents 59.6% response rate of the whole sample, therefore the analysis will be based on this figure.

The questionnaire has been designed on the basis of the study of scholars such as Tosukatos & Mastrojianni (2010). The respondent of the study were 149 bank customers. Tosukatos & Mastrojianni (2010) identified eleven dimensions of service quality which are reliability, responsiveness, competence, access, courtesy, communication, credibility, security, competence, understanding the customer and tangibles. Upon considering the above study, we have constructed four dimensions (reliability, responsiveness, tangibles and empathy) which cover the 14 parameters.

Items from previous studies were modified for adaptation to the customer satisfaction on conventional banking context. The measure using a five point Liket-scale ranging from 1 (strongly disagree) to 5 (strongly agree). The questionnaire was split into three sections: demographics, service quality questions and customer satisfaction question. The demographic questions in the survey included age, occupation, education and gender. Answers to these questions provide a good picture of the respondent's (customers) background.

The services quality questions covered service quality facets such as: bank location, bank environment, delivery of promised services, prompt service, security with respect to transactions, and personal attention from employees, product range and attitude of employees.

3.3 Research Framework

The research framework is shown in Figure 3.1. This study examines the impact of service quality dimensions which are tangibility, reliability, responsiveness and. Service quality is stated as independent variables and customer satisfaction is dependent variable. The interaction of variables in the model determines somehow the effect of service quality on customer satisfaction.

Service Quality of Conventional Banking in Salah Al-Din of Iraq
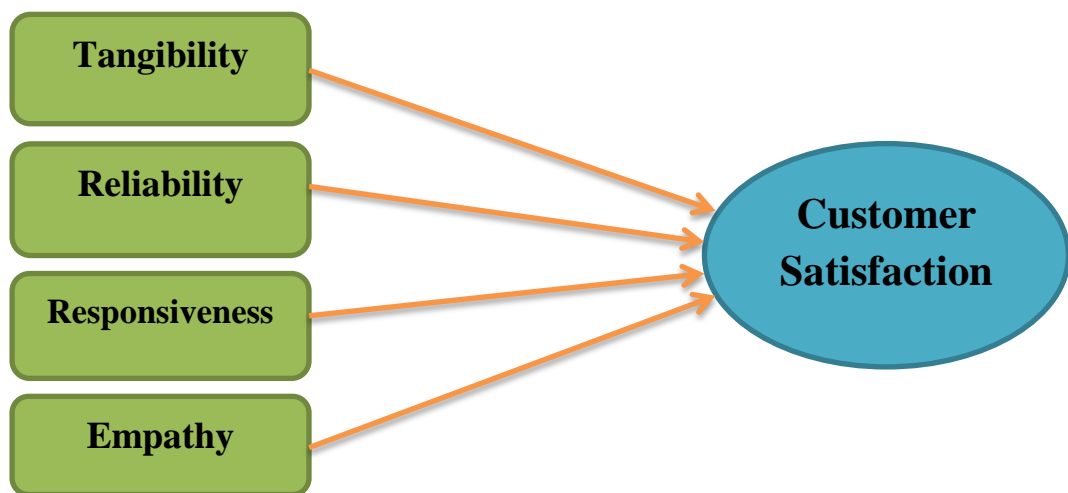
Figure 3.1 Research Framework

3.4 Hypothesis Development

Tangible might not be as applicable to the web interface. However, appearance (Khalid & Mahmood, 2011) and site design (Munusamy et al., 2010) have been found to have a significant effect on the success of web interfaces. Therefore our first hypothesis is:

H1: There is a positive association between tangible and customer satisfaction in the conventional banking sector in Iraq.

Reliability has been identified as a key determinant of service quality both in interpersonal and service (Zeithaml et al., 2002). However, in the web environment, because customers play a more direct role in service provision, new aspects of this dimension might arise such as error prevention and error handing (Zeithaml et al., 2002). Therefore our second hypothesis is:

H2: There is a positive association between reliability and customer satisfaction in conventional banking sector in Iraq.

Responsiveness is defined in interpersonal service provision as the willingness to help customers and provide prompt service (Parasuraman et al., 1988) in service quality this concept seems to be related to efficiency and convenience (Zeithaml et al., 2002). Therefore on the basis of the above generate our third hypothesis is:

H3: There is a positive association between responsiveness and customer satisfaction in conventional banking sector in Iraq.

Empathy is an important dimension of service quality in personal interaction (Parasuraman et al., 1988). This is lead to our last hypothesis

H4: There is a positive association between empathy and customer satisfaction in conventional banking sector in Iraq.

3.5 Population and Sample

The population is customers of conventional banking providers in Salah Al Din of Iraq as they are expected to come from the various personal backgrounds, which may represent better sample distribution. The number of sample needed selected based on Sekaran's (1983) rule of thumb tables. To identify the sample, selection is based on random sampling technique as recommended by Sekaran (1983).

3.6 Data Collection

In fact, for this research to produce a realistic outcome, the collation of data has to be distributed over a population. Thus, the survey questionnaires are designed to apply to a heterogeneous population and banks, where targeted respondents come from the general open public (from different genders, age groups, education backgrounds, different banks and income).

Owing to the fact that different levels of the society have different expectations and needs, therefore, the idea of choosing respondents from different backgrounds will most certainly generate a more reliable outcome towards service quality by conventional banks. While some responded promptly to the survey, others took a little bit time to of digest the questions and enquiries.

The survey questionnaires were conducted via face to face interviews plus through other avenues such as email so as to ensure that the survey encompasses a broader geographical area on the Salah Al Din.

3.7 Analysis Technique

The basic objective of this study is to test the research hypotheses, based upon the conceptual framework of this study. This study has used quantitative research approach. The statistical software SPSS version 18 was employed to ensure the relevant issues is examined in a comprehensive manner.

Both simple and advanced statistical tools and methods are used where appropriate for analyzing the relationship among the variables in the model. Therefore, usage of statistical techniques is accordance to commonly accepted research assumptions and practices. Multivariate statistical analysis is performed to analyze the data of this study.

CHAPTER FOUR

ANALYSIS AND FINDINGS

4.1 Introduction

This chapter will discuss the analysis and the findings. Data analysis includes descriptive analysis and factor analysis. For hypothesis testing correlation analysis was used to examine the relationship and effect of the two variables. Customer satisfaction, the dependent variable and service quality dimensions independent variable namely tangibles, reliability, responsiveness, and empathy.

4.2 Profiles of Respondents

The questionnaire was designed to seek information about the respondents (bank customers), bank, age, gender, education, and their occupation. The detailed breakdown of the customer's background has been given from Table 4.1 to Table 4.6, and from Figures 4.1 to 4.6.

Table 4.1 Bank Respondents

		Frequency	Valid Percent
Valid	Rasheed Bank	44	29.5
	Rafidain Bank	29	19.5
	Agricultural Bank	29	19.5
	Estate Bank	24	16.1
	Mosul Bank	23	15.4
	Total	149	100.0

Table 4.1 shows the frequency distribution of the numbers of respondents who filled and returned administered questionnaire from each of the five banks which serve as case study for this research. A total of 50 questionnaires each were administered to the customers of banks and the frequencies of the numbers of respondents who filled and returned the administered questionnaire are given in above table.

From the table above the selected banks have the following frequencies with Rasheed Bank having the highest response rate of 44, Rafidain Bank 29, Agricultural Bank 29, Estate Bank 24 and 23 for Mosul Bank.

The major reason for the high response rate from Rasheed Bank is the location of the bank within the University premises and most of the questionnaires were administered to customer of the bank who are staff and students of the school and reside within the university premises.

Banks

- Rasheed Bank
- Rafidan Bank
- Agricultural Bank
- Estate Bank
- Mosul Bank
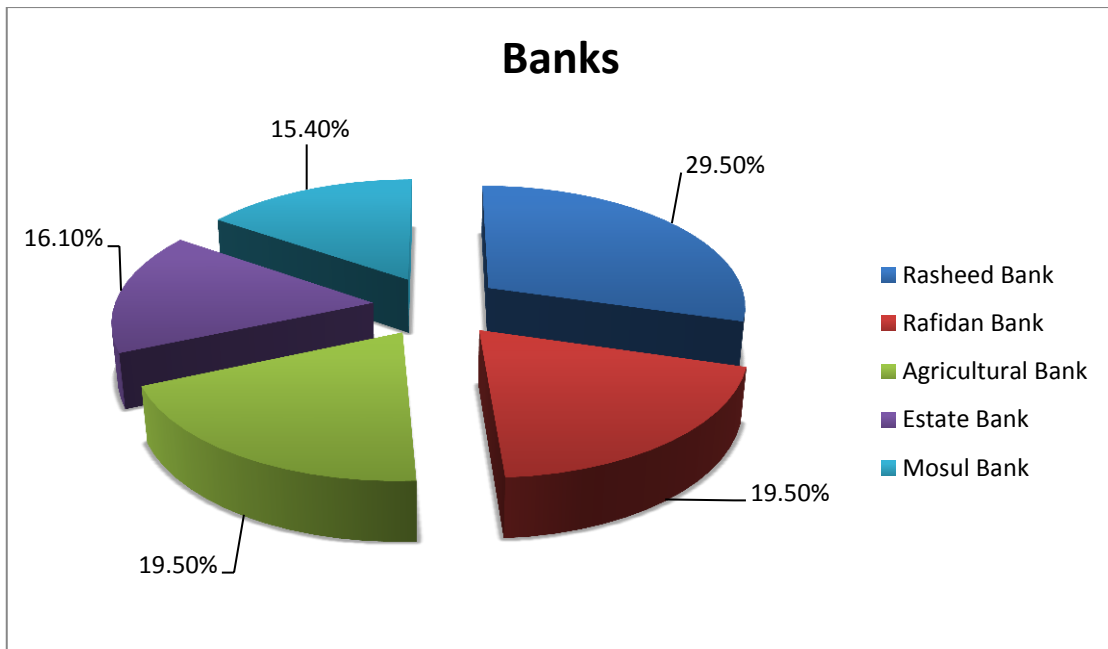
Figure 4.1 Distribution of Respondents by Banks

From figure 4.1 the distribution of banks are 29.5% for Rasheed Bank, 19.5% for Rafidan Bank, 19.5% Agricultural Bank, 16.1% for Estate Bank, and 15.4% for Mosul Bank.

Table 4.2 Gender

	Frequency	Valid Percent
Valid Male	109	73.2
Female	40	26.8
Total	149	100.0

Table 4.2 above shows the gender frequency distribution of the respondents from the customers of all the five banks. From a total of 149 customers, 109 are male while 40 are female. The difference between male and female can be attributed to the prevailing socio-cultural nature prevalent in Iraq which places lots of restriction on women.
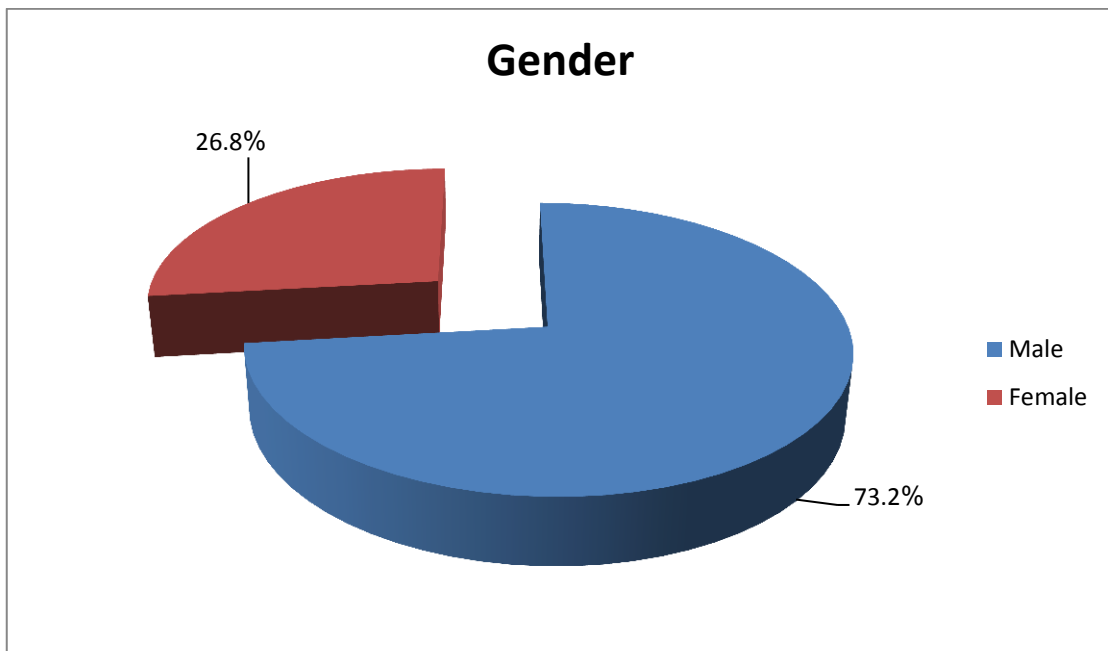
Figure 4.2 Gender of Respondents

Figure 4.2 shows the percentage distribution of the gender of the respondents, the analysis shows that 73.2% of the respondents are male and 26.8% are female.

Table 4.3 Age

		Frequency	Valid Percent
Valid	20 - 25	11	7.4
	26 - 35	37	24.8
	36 - 45	69	46.3
	46 -	32	21.5
	Total	149	100.0

Table 4.3 show the age distribution of the respondents, most of the respondents belong to the 36-45 years age bracket with 69 respondents falling into the category, followed by those in the 26-35 years bracket with 37 respondents, while the 20-25 and 46 and above has 11 and 32 respondents respectively.
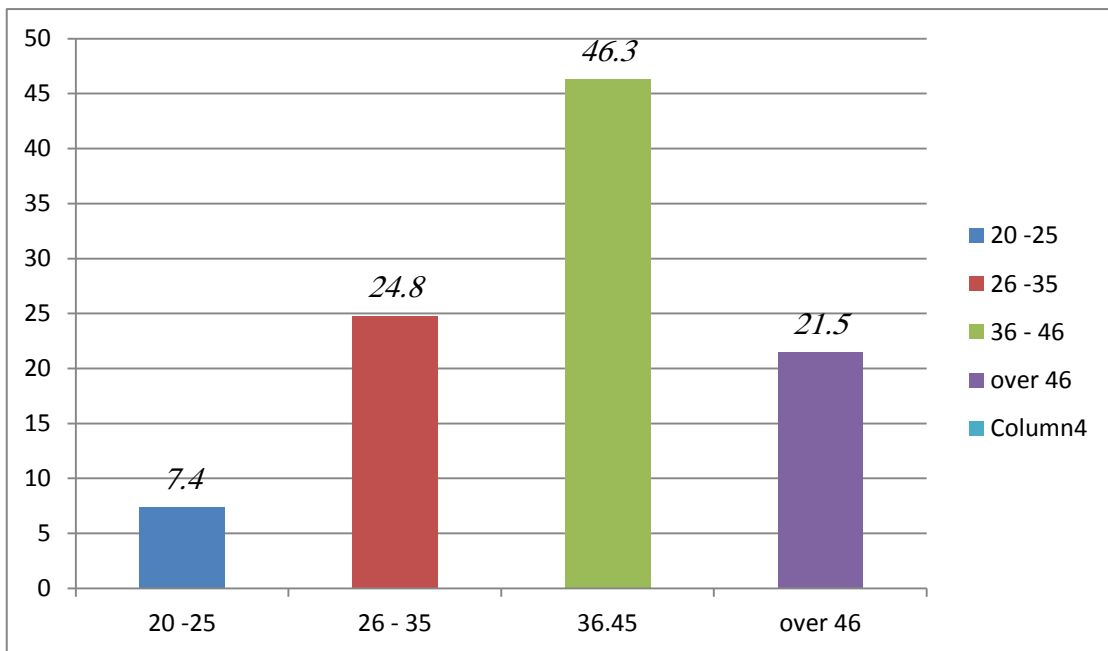
Figure 4.3 Age of Respondents

In Figure 4.3, the analysis show that 46.3% of respondents are in the age group of 36-45 years. The next largest group of the respondents is in age group of 26 – 35 years 24.8%. About 21.5% respondents are from the age group of 46 and above years. Only 7.4% of respondents are from age group of 20-25 years.

Table 4.4 Education Level

	Frequency	Valid Percent
Valid Under Bachelor	36	24.2
Bachelor	49	32.9
Master	41	27.5
PHD	23	15.4
Total	149	100.0

Table 4.4 shows the educational level of the respondents. It shows that customers with bachelor degree constitute the highest number of respondents with 49 followed by those with master degree with 41, under bachelor with 36 and PhD with 23. This clearly shows the respondents with bachelor degree fall in the category of people with very high banking habits.
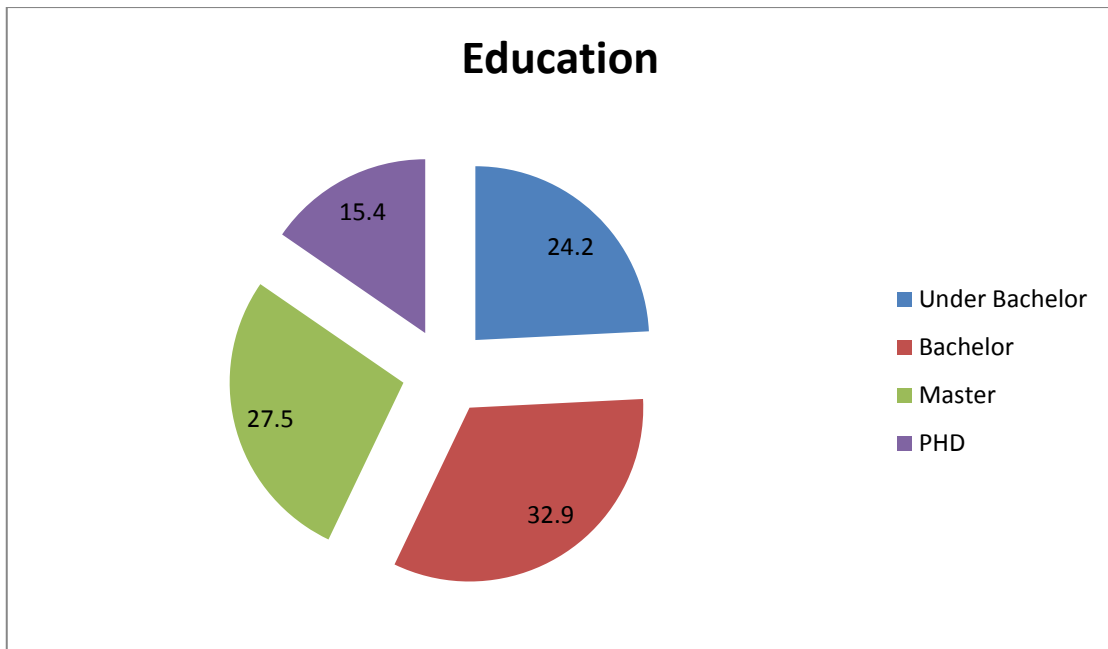
Figure 4.4 Education Level

Figure 4.4 is the analysis of the educational qualification of the respondents; the analysis shows that there is a wide variation, For instance Bachelor degree 32.9%, Master degree 27.5%, Under Bachelor degree 24.2%, and PhD 15.4%.

Table 4.5 Respondent's Occupation

		Frequency	Valid Percent
Valid	Business	48	32.2
	Employee	65	43.6
	Student	16	10.7
	Housewives	3	2.0
	Retirees	17	11.4
	Total	149	100.0

Table 4.5 shows the occupational distribution of the respondents, most customers fall under the employee category with a frequency of 65 customers in this category, followed by customers who are engaged in business having a frequency of 48, retirees are next with a frequency of 17, students with 16 and housewives having a frequency of 3. The housewives is the least due to the fact that most housewives in Iraq rely more on the head of the household for the daily needs hence no need to operate an account.
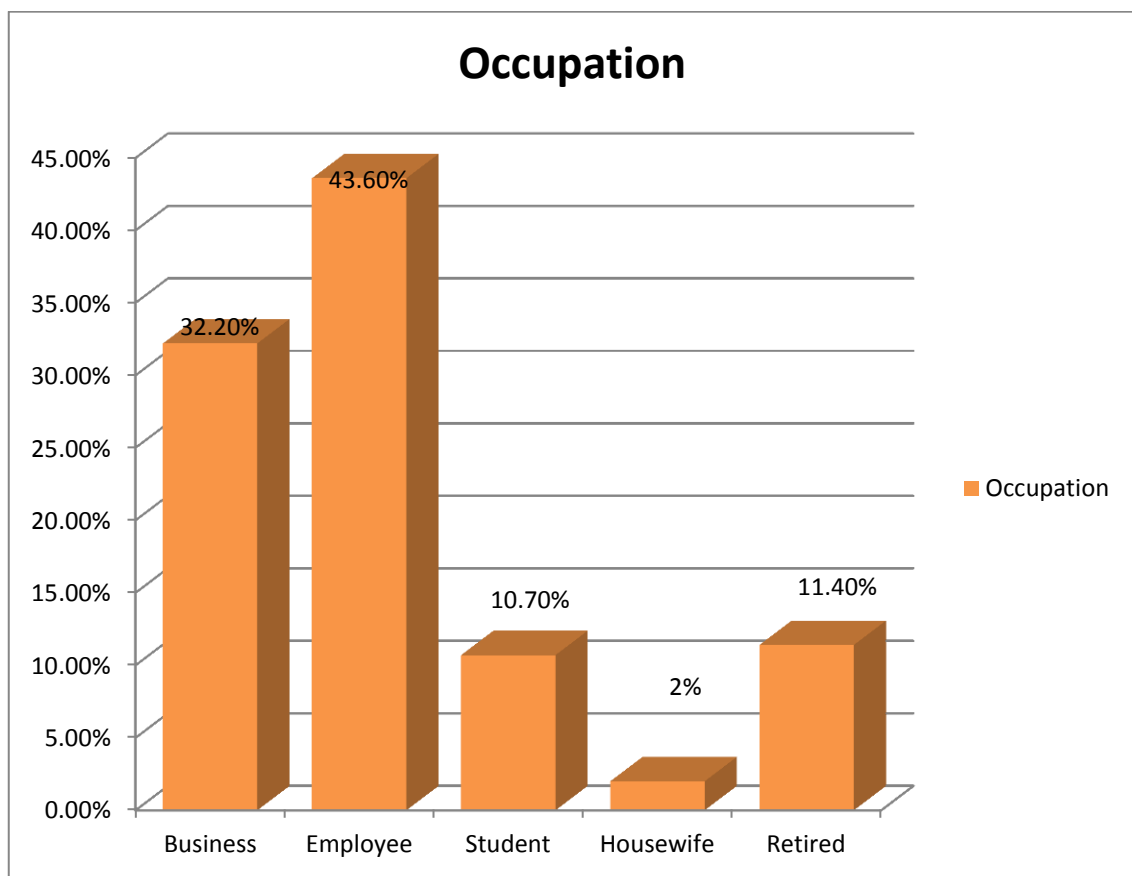
Figure 4.5   Respondent's Occupation

Figure 4.5 is the analysis of the occupation of the respondents which includes business, employees, student, housewife and retirees. Among the 149 respondents, the highest number of respondents is Employees 43.6%. The second highest number of respondents is those who run their own business 32.2%. However, retirees, students, and housewives represent 11.4%, 10.7%, and 2% respectively.

Table 4.6 Income Level

		Frequency	Valid Percent
Valid	Below 400	20	13.4
	401-800	58	38.9
	801-1200	48	32.2
	1201-1600	18	12.1
	1601 and above	5	3.4
	Total	149	100.0

Table 4.6 shows income level of the respondents, customers who fall within the income range of 401-800 has the highest frequency of 58, while 801-1200 range has a frequency of 48, those in the below 400 range are 20, while those who fall in the 1201-1600 and 1600 and above range has 18 and 5 respectively.
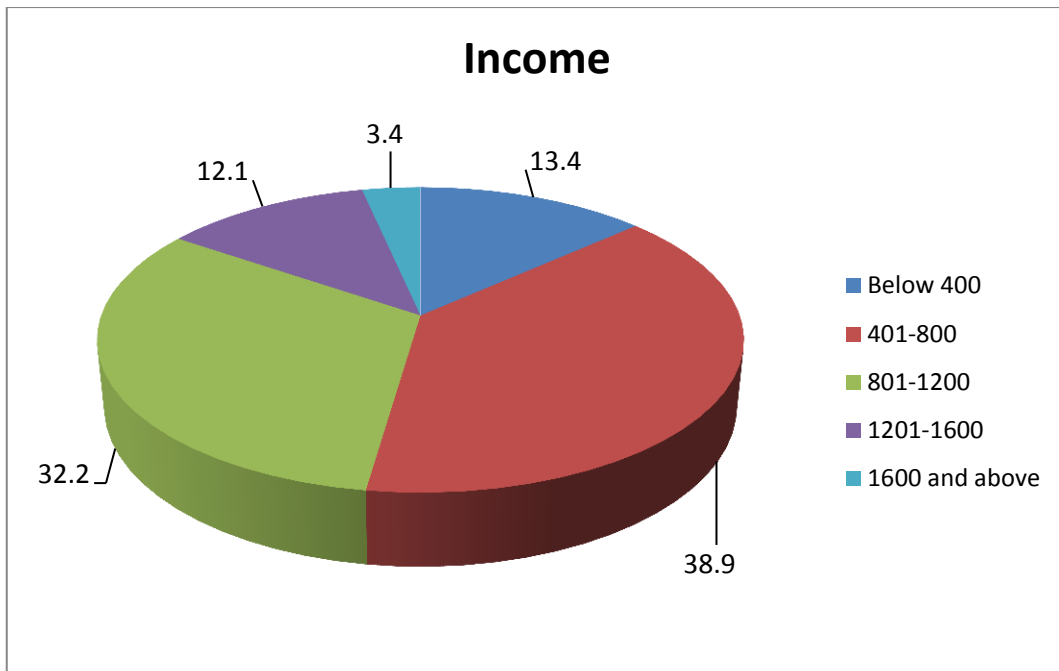
Figure 4.6 Respondents Income Level

Figure 4.6 shows the income distribution of the respondents. The analysis shows that respondents who earn below $400 has 13.4%, those who fall within the income bracket of 401-800 has a percentage of 38.9%, those in the 801-1200 income bracket has 32.2%, while those who fall between the ranges of 1201-1600 and 1601 and above has 12.1% and 3.4% respectively. The result shows that those respondents who fall within the 401-800 income brackets have the highest representing 38.9%.

4.3 Descriptive Statistics

Descriptive analysis of variables includes Frequencies, mean, medians, and standard deviations for all variables were calculated. Table 4.7 and Table 4.8 show the summary of descriptive statistics for the variables of this study.

It is seen from Table 4.7, tangibility ranges from 1 to 5 with the mean of 3.3809, and the standard deviation of 0.72514. Reliability ranges from 1 to 5 and the mean and standard deviation is 3.1772 and 0.79067, respectively. For responsiveness, mean and standard deviation is 3.2131 and 0.75021 respectively with the minimum and maximum value ranges from 1 to 5. Empathy ranges from 1 to 5 and the mean is 3.1141, and standard deviation is .78163.

The minimum and maximum value for overall satisfaction is 1 to 5, the mean and standard deviation is 3.3557 and 96614 respectively. It has been observed in the Table 4.8 that almost all the mean are similar. High standard deviation indicates that the data is wide spread, which means that customers give a variety of opinion, whereas, low standard deviation means that they express close opinion.

Table 4.7 Means and Standard Deviation for Service Quality

	Min	Max	Mean	Std. Dev.
1. Your bank uses modern looking equipment	1.00	5.00	2.9060	1.15865
2. Your bank's physical facilities are visually appealing	1.00	5.00	3.3490	.94387
3. Employee's appearance of your bank is neat	1.00	5.00	3.8859	.83448
4. Service related services such as leaflets a visually appealing	1.00	5.00	3.3826	.95576
5. Your bank issues error-free bills statements and other documents	1.00	5.00	3.2886	.97465
6. Bank fulfils when it promises to do something by a certain time	1.00	5.00	3.1812	1.02042
7. Bank's employee tell you exactly when service will be performed	1.00	5.00	3.0671	1.07593
8. Your bank provides services on time	1.00	5.00	3.1611	.97306
9. Your bank performs the services rite the first time	1.00	5.00	3.1879	.95415
10. Your bank's employee give your prompt services	1.00	5.00	2.9060	.90302
11. Your bank's employee are always willing to help you	1.00	5.00	3.3691	.88798
12. Your bank's employees are never too busy respond to requests	1.00	5.00	3.2081	1.00186
13. Your bank's employees understand your specific needs	1.00	5.00	3.3691	.98192
14. Your bank has your interest at heart	1.00	5.00	3.1141	1.05606
15. Your bank's business hours are convenient to you	1.00	5.00	3.4631	1.01024
16. Your bank give you individual attention	1.00	5.00	3.0336	1.00952
17. Your bank's employee give you personal attention	1.00	5.00	3.0134	.95851
18.Bank provides special services or counters for elderly disable	1.00	5.00	2.9463	1.07669

N = 149   Cronbach's Alpha = 0.91

Range 1 to 5 [1= (Strongly Disagree), 5 = (Strongly Agree)]

Table 4.8 Mean and Standard Deviation for Customer Satisfaction

	Min	Max	Mean	Std. Dev.
Please rate your level of satisfaction with conventional banking	1.00	5.00	3.3557	.96614

N = 149

Range 1 = Highly Dissatisfied, 5 = Highly Satisfied

4.4 Hypothesis Testing

A correlation coefficient is a statistical tool used to summarise the relationship between two variables with a single number that falls between -1.00 and +1.00 (Welkowitz et al., 2006). Morgan et al (2004) stated that: -1.0 indicates perfect negative correlation, 0.0 indicate no correlation, and + 1.00 shows perfect positive correlation. The sample size (N) is 149 and the significant level is 0.01 (p≤0.01).

4.4.1 Result of First Hypothesis

H1: Tangibles of a conventional banking has a positive impact on customer satisfaction.

In the Table 4.9 it can be seen that the correlation (r) of tangibles is 0.605 and the significant level is 0.01. It can be seen from Table 4.9 that the p-value is 0.000, which is less than 0.01. Therefore, we accept the null hypothesis, and concluded that there is moderate but positive (r = 0.605) relationship between tangibles and customer satisfaction in the conventional banking sector of Iraq. The study of Lai (2004) found that tangibility is positively related to customer satisfaction.

Table 4.9 Correlation between Tangibles and Customer Satisfaction

		Customer satisfaction	Tangibles
Customer satisfaction	Pearson Correlation	1	.605[**]
	Sig. (2-tailed)		.000
	N	149	149
Tangibles	Pearson Correlation	.605[**]	1
	Sig. (2-tailed)	.000	
	N	149	149

**. Correlation is significant at the 0.01 level (2-tailed).

4.4.2 Result of Second Hypothesis

H2: Reliability of a Conventional Banking has a positive impact on customer satisfaction.

Table 4.10 shows that the correlation (r) is 0.642 for reliability and the p-value is 0.000, which is less than the significant level 0.01. Hence, the null hypothesis is accepted and concluded that there is large positive correlation between reliability and customer satisfaction in the conventional banking sector of Iraq. Khalid & Mahmood (2011) stated that reliability is one of the significant factors of customer satisfaction.

Table 4.10 Correlation between Reliability and Customer Satisfaction

		Customer satisfaction	Reliability
Customer satisfaction	Pearson Correlation	1	.642[**]
	Sig. (2-tailed)		.000
	N	149	149
Reliability	Pearson Correlation	.642[**]	1
	Sig. (2-tailed)	.000	
	N	149	149

**. Correlation is significant at the 0.01 level (2-tailed).

4.4.3 Result for Third Hypothesis

H3: Responsiveness of a conventional banking has a positive impact on customer satisfaction.

According to Table 4.11, the strong effect of responsiveness on customer satisfaction. The result indicates that the correlation (r) of responsiveness is 0.706 and p-value is 0.000, which is less than 0.01. Therefore, the null hypothesis is accepted and concluded that there is strong positive correlation between responsiveness and customer satisfaction in the conventional banking sector of Iraq. Mengi (2009) also pointed out that responsiveness is positively related to customer satisfaction.

Table 4.11 Correlation between Responsiveness and Customer Satisfaction

		Customer satisfaction	Responsiveness
Customer satisfaction	Pearson Correlation	1	.706[**]
	Sig. (2-tailed)		.000
	N	149	149
Responsiveness	Pearson Correlation	.706[**]	1
	Sig. (2-tailed)	.000	
	N	149	149

**. Correlation is significant at the 0.01 level (2-tailed).

4.4.4 Result for Fourth Hypothesis

H4: Empathy of a conventional banking has a positive impact on customer satisfaction.

Referring to Table 4.12 it can be observed that correlation (r) for empathy is 0.728 and p-value is 0.000.It also less than 0.001. Hence, the null hypothesis is accepted and it can be concluded that empathy is strong positive related to customer satisfaction in the conventional banking sector of Iraq. Ladhari (2009) also found that empathy is positively related to customer satisfaction.

Table 4.12 Correlation between Empathy and Customer Satisfaction

		Customer satisfaction	Empathy
Customer satisfaction	Pearson Correlation	1	.728**
	Sig. (2-tailed)		.000
	N	149	149
Empathy	Pearson Correlation	.728**	1
	Sig. (2-tailed)	.000	
	N	149	149

**. Correlation is significant at the 0.01 level (2-tailed).

4.5 Conclusion

This chapter discusses the findings of this study using statistical analysis. We have used the correlation analysis to test the hypotheses. The results of the hypothesis testing indicate that all the hypotheses are supported. There is a positive effect and significant relationship between service quality and customer satisfaction. This confirms the influence of service quality on customer satisfaction of conventional banks in Salah Al Din of Iraq.

CHAPTER FIVE

SUMMARY AND CONCLUSIONS

5.1 Introduction

The last chapter of this study discusses the findings that have been presented in the preview chapter. First the demographic profiles of the participating respondent are reviewed briefly, and then the results of analysis for all the four hypotheses that were tested in this study are examined briefly. From these results, implications for future research are put forward.

5.2 Discussion of Findings

The hypothesis tests confirm that all service quality attributes (Tangibles, Reliability, Responsiveness, and Empathy) are positively associated with customer satisfaction. Empathy shows the highest positive correlation ($r = 0.728$) with satisfaction and Responsiveness demonstrates the second highly positive correlation ($r = 0.706$) with customer satisfaction.

Reliability reveals the least but positive correlation (r = 0.642) with customer satisfaction. A lowest positive relationship (r = 0.605) between customer satisfaction and Tangible was demonstrated in the hypothesis test. The discussion of the following service quality attributes are as follows:

5.2.1 Tangibles

The hypotheses test of this study confirms that there is positive correlation between tangibles and customer satisfaction. Data shows that customers are satisfied with infrastructure facilities, modern equipment, staff's appearance, and décor of bank (branch).

5.2.2 Reliability

Reliability refers to the extent of delivered services according to standards expected and promised by service provider, which means the customer should get what they feel they have paid for. According to this study, there is a positive association between reliability and customer satisfaction. The result shows that customers are satisfied with customer support services, hospitality services and handling of customer's grievances. Consequently, customers are confident that their banks are fulfilling the promised terms and conditions which will not go against their expectations.

5.2.3   Responsiveness

Responsiveness refers to the ability and willingness of the service provider (banker) to meet customer needs. This study shows that responsiveness and customer satisfaction are highly positively correlated. The bank customers in Iraq prefer a friendly bank, which is striving to help their banking operations. This willingness of banks to facilitate their customers is likely to have a significant and positive effect on customer satisfaction.

5.2.4   Empathy

The core concept of empathy is to understand customer needs and provide individual attention. This study indicates moderate but positive relationship between empathy and customer satisfaction. This means customers of banks are somehow satisfied with banking hours, personal attention given to them by bank staff, and information provided to them.

5.3 Conclusion and Recommendations

The above discussion indicates that customer satisfaction vary according to the nature of service. In this case, the highest customer satisfaction is demonstrated in the Empathy area such as willingness to help customer, friendly attitude of staff, followed by the reliability area such as customer guidance, customer support. On the other hand, the moderate satisfactions are in the tangibles area, such as infrastructure facilities,

décor, followed by empathy area such as banks business timing and return on investment.

Due to the wide variation of the responses, both public and private banks need to consider the weak areas in order to meet customer requirements. Hence, to be successful in banking sector, banks must provide service to their customer that at least meets or better if exceeds their expectations, and this study provides some sort of guidelines to the policy makers (managers) of banks to take appropriate decisions to improve the quality of services in Iraqi banking sector.

5.4 Limitations of the Study

Four limitations have been identified in this study. First, the study only focused on public and private banks in Iraq. The foreign, Islamic and other micro financial institutions in Iraq were excluded from this study. Second, the limited numbers of banks (only five) were covered under the study. Third, the sample size and number of actual respondents are limited.

The researcher may use a bigger sample size to find out more about customer satisfaction and service quality. Finally, a more robust analysis is needed in financial service industry to reach at a strong conclusion. A future research should open the door for new and advanced research study to address the issues mentioned above.

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Questionnaire

Section A: Respondent General Information

This segment is about your background information. Please fill up the blanks and mark [√] where appropriate.

1. Bank Name : [   ]

2. Gender: [ ] Male   [ ] Female

3. Age: 20-25[ ]   26-3[ ]   36-45 [ ]   Above 45 [ ]

4. Education: Under college [ ] College level[ ]   Bachelor[ ]   Master [   ]
   BHD [   ]

5. Occupation :   Business [   ] Employee   [ ] Student [ ] Housewife[   ] Retired [ ]
   Others [ ]

6. Income: Below 400 [   ]   401- 800 [ ] 801 – 1200 [ ] 1201 – 1600 [   ] Above
   1600

Section B: Service Quality of Conventional Bank

I would like to find out your expectation of service quality rendered by conventional bank. Please tick (√) in the relevant circle, according to your level of satisfaction.

Tangibles (Refers to the physical facilities, equipment, and appearance of personnel)	**1** Strongly Dis Agree	**2** Dis Agree	**3** Normal	**4** Agree	**5** Strongly agree
1. Your bank uses modern looking equipment	◯	◯	◯	◯	◯
2. Your bank's physical facilities are visually appealing	◯	◯	◯	◯	◯
3. Employee's appearance of your bank is neat.	◯	◯	◯	◯	◯
4. Service-related services (such as leaflets a visually appealing)	◯	◯	◯	◯	◯

	Reliability (Refers to the ability to perform the service dependably and accurately)	1 Strongly Dis Agree	2 Dis Agree	3 Normal	4 Agree	5 Strongly agree
1.	Your bank issues error-free bills, statements and other documents	◯	◯	◯	◯	◯
2.	Bank fulfills, when it promises to do something by a certain time	◯	◯	◯	◯	◯
3.	Bank's employees tell you exactly when services will be performed	◯	◯	◯	◯	◯
4.	Your bank provides services on time	◯	◯	◯	◯	◯
5.	Your bank performs the services rite the first time	◯	◯	◯	◯	◯

	Responsiveness (Refers to the willingness of customers and provides prompt service)	1 Strongly Dis Agree	2 Dis Agree	3 Normal	4 Agree	5 Strongly agree
1.	Your bank's employees give your prompt services	◯	◯	◯	◯	◯
2.	Your bank's employees are always willing to help you	◯	◯	◯	◯	◯
3.	Your bank's employees are never too busy to respond to requests	◯	◯	◯	◯	◯
4.	Your bank's employees understand your specific needs	◯	◯	◯	◯	◯

	Empathy (Refer to the level of caring and individual attention provided to customer)	1 Strongly Dis Agree	2 Dis Agree	3 Normal	4 Agree	5 Strongly agree
1.	Your bank has your best interest at heart	◯	◯	◯	◯	◯
2.	Your bank's business hours are convenient to you	◯	◯	◯	◯	◯
3.	Your bank gives you individual attention	◯	◯	◯	◯	◯
4.	Your bank's employees give you personal attention	◯	◯	◯	◯	◯
5.	Bank provides special services or counters for elderly disable	◯	◯	◯	◯	◯

Section C: Perception

I would like to find out how satisfied or dissatisfied you are with the performance of conventional bank. Please tick (√) in the relevant Circle, according to your level of satisfaction.

		1	2	3	4	5
	Tangibles (Refers to the physical facilities, equipment, and appearance of personnel)	**Strongly Dis Agree**	**Dis Agree**	**Normal**	**Agree**	**Strongly agree**
1.	Your bank uses modern looking equipment	◯	◯	◯	◯	◯
2.	Your bank's physical facilities are visually appealing	◯	◯	◯	◯	◯
3.	Employee's appearance of your bank is neat.	◯	◯	◯	◯	◯
4.	Service-related services (such as leaflets a visually appealing)	◯	◯	◯	◯	◯

	Reliability (Refers to the ability to perform the service dependably and accurately)	1 Strongly Dis Agree	2 Dis Agree	3 Normal	4 Agree	5 Strongly agree
1.	Your bank issues error-free bills, statements and other documents	◯	◯	◯	◯	◯
2.	Bank fulfills, when it promises to do something by a certain time	◯	◯	◯	◯	◯
3.	Bank's employees tell you exactly when services will be performed	◯	◯	◯	◯	◯
4.	Your bank provides services on time	◯	◯	◯	◯	◯
5.	Your bank performs the services rite the first time	◯	◯	◯	◯	◯

	Responsiveness (Refers to the willingness of customers and provides prompt service)	1 Strongly Dis Agree	2 Dis Agree	3 Normal	4 Agree	5 Strongly agree
1.	Your bank's employees give your prompt services	◯	◯	◯	◯	◯
2.	Your bank's employees are always willing to help you	◯	◯	◯	◯	◯
3.	Your bank's employees are never too busy to respond to requests	◯	◯	◯	◯	◯
4.	Your bank's employees understand your specific needs	◯	◯	◯	◯	◯

	Empathy (Refer to the level of caring and individual attention provided to customer)	**1** Strongly Dis Agree	**2** Dis Agree	**3** Normal	**4** Agree	**5** Strongly agree
1.	Your bank has your best interest at heart	◯	◯	◯	◯	◯
2.	Your bank's business hours are convenient to you	◯	◯	◯	◯	◯
3.	Your bank gives you individual attention	◯	◯	◯	◯	◯
4.	Your bank's employees give you personal attention	◯	◯	◯	◯	◯
5.	Bank provides special services or counters for elderly disable	◯	◯	◯	◯	◯

APPENDIX

RESULT OF STATISICAL DATA ANALYSIS

Reliability of Tangible Variable

Case Processing Summary

		N	%
Cases	Valid	149	100.0
	Excluded[a]	0	.0
	Total	149	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.724	.739	4

Item Statistics

	Mean	Std. Deviation	N
Tangible 1	2.9060	1.15865	149
Tangible 2	3.3490	.94387	149
Tangible 3	3.8859	.83448	149
Tangible 4	3.3826	.95576	149

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Tangible 1	10.6174	5.076	.382	.179	.761
Tangible 2	10.1745	4.780	.664	.455	.574
Tangible 3	9.6376	5.665	.517	.307	.667
Tangible 4	10.1409	5.149	.542	.370	.647

Reliability analysis of Reliability Variable

Case Processing Summary

		N	%
Cases	Valid	149	100.0
	Excluded[a]	0	.0
	Total	149	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.850	.849	5

Item Statistics

	Mean	Std. Deviation	N
Reliability1	3.2886	.97465	149
Reliability2	3.1812	1.02042	149
Reliability3	3.0671	1.07593	149
Reliability4	3.1611	.97306	149
Reliability5	3.1879	.95415	149

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Reliability1	12.5973	11.729	.442	.273	.872
Reliability2	12.7047	9.953	.720	.538	.802
Reliability3	12.8188	9.460	.757	.626	.791
Reliability4	12.7248	9.985	.764	.663	.791
Reliability5	12.6980	10.766	.631	.501	.826

Reliability Analysis of Responsiveness Variable

Case Processing Summary

		N	%
Cases	Valid	149	100.0
	Excluded[a]	0	.0
	Total	149	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.804	.807	4

Item Statistics

	Mean	Std. Deviation	N
Responsiveness1	2.9060	.90302	149
Responsiveness2	3.3691	.88798	149
Responsiveness3	3.2081	1.00186	149
Responsiveness4	3.3691	.98192	149

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Responsiveness1	9.9463	5.443	.652	.448	.740
Responsiveness2	9.4832	5.468	.662	.527	.736
Responsiveness3	9.6443	4.798	.730	.558	.697
Responsiveness4	9.4832	5.873	.456	.237	.834

Reliability Analysis of Empathy Variable

Case Processing Summary

		N	%
Cases	Valid	149	100.0
	Excluded[a]	0	.0
	Total	149	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.822	.823	5

Item Statistics

	Mean	Std. Deviation	N
Empathy 1	3.1141	1.05606	149
Empathy 2	3.4631	1.01024	149
Empathy 3	3.0336	1.00952	149
Empathy 4	3.0134	.95851	149
Empathy 5	2.9463	1.07669	149

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Empathy 1	12.4564	10.223	.583	.386	.796
Empathy 2	12.1074	10.624	.551	.305	.805
Empathy 3	12.5369	9.548	.754	.637	.745
Empathy 4	12.5570	10.397	.640	.536	.780
Empathy 5	12.6242	10.263	.558	.313	.804

Factor Analysis of Tangible

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.726
Bartlett's Test of Sphericity	Approx. Chi-Square	139.108
	df	6
	Sig.	.000

Communalities

	Initial	Extraction
Tangible 1	1.000	.357
Tangible 2	1.000	.725
Tangible 3	1.000	.569
Tangible4	1.000	.616

Extraction Method: Principal Component Analysis.

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.267	56.681	56.681	2.267	56.681	56.681
2	.799	19.970	76.651			
3	.540	13.504	90.155			
4	.394	9.845	100.000			

Extraction Method: Principal Component Analysis.

Factor Analysis of Reliability

Component Matrix^a

	Component
	1
Tangible 1	.598
Tangible 2	.852
Tangible 3	.754
Tangible 4	.785

Extraction Method: Principal Component Analysis.

a. 1 components extracted.

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.810
Bartlett's Test of Sphericity	Approx. Chi-Square	353.722
	df	10
	Sig.	.000

Communalities

	Initial	Extraction
Reliability1	1.000	.340
Reliability2	1.000	.686
Reliability3	1.000	.757
Reliability4	1.000	.766
Reliability5	1.000	.610

Extraction Method: Principal Component Analysis.

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.159	63.177	63.177	3.159	63.177	63.177
2	.851	17.014	80.191			
3	.427	8.535	88.726			
4	.334	6.686	95.412			
5	.229	4.588	100.000			

Extraction Method: Principal Component Analysis.

Component Matrix[a]

	Component
	1
Reliability1	.583
Reliability2	.828
Reliability3	.870
Reliability4	.875
Reliability5	.781

Extraction Method: Principal Component Analysis.

a. 1 components extracted.

Factor Analysis of Responsiveness

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.756
Bartlett's Test of Sphericity	Approx. Chi-Square	212.542
	df	6
	Sig.	.000

Communalities

	Initial	Extraction
Responsiveness1	1.000	.679
Responsiveness2	1.000	.702
Responsiveness3	1.000	.764
Responsiveness4	1.000	.411

Extraction Method: Principal Component Analysis.

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.555	63.877	63.877	2.555	63.877	63.877
2	.725	18.114	81.991			
3	.423	10.577	92.569			
4	.297	7.431	100.000			

Extraction Method: Principal Component Analysis.

Component Matrix[a]

	Component
	1
Responsiveness1	.824
Responsiveness2	.838
Responsiveness3	.874
Responsiveness4	.641

Extraction Method: Principal Component Analysis.

a. 1 components extracted.

Factor Analysis of Empathy

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.789
Bartlett's Test of Sphericity	Approx. Chi-Square	269.289
	df	10
	Sig.	.000

Communalities

	Initial	Extraction
Empathy 1	1.000	.543
Empathy 2	1.000	.499
Empathy 3	1.000	.762
Empathy 4	1.000	.631
Empathy 5	1.000	.510

Extraction Method: Principal Component Analysis.

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.946	58.913	58.913	2.946	58.913	58.913
2	.643	12.850	71.763			
3	.594	11.871	83.634			
4	.575	11.503	95.136			
5	.243	4.864	100.000			

Extraction Method: Principal Component Analysis.

Component Matrix[a]

	Component
	1
Empathy 1	.737
Empathy 2	.706
Empathy 3	.873
Empathy 4	.795
Empathy 5	.714

Extraction Method: Principal Component Analysis.

a. 1 components extracted.

Correlations among Variables

Correlations

		Customer Satisfaction	Tangibles	Reliability	Responsiveness	Empathy
Customer Satisfaction	Pearson Correlation	1	.601**	.642**	.706**	.728**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	149	149	149	149	149
Tangibles	Pearson Correlation	.601**	1	.464**	.506**	.618**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	149	149	149	149	149
Relaibility	Pearson Correlation	.642**	.464**	1	.503**	.543**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	149	149	149	149	149
Responsiveness	Pearson Correlation	.706**	.506**	.503**	1	.644**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	149	149	149	149	149
Empathy	Pearson Correlation	.728**	.618**	.543**	.644**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	149	149	149	149	149

**. Correlation is significant at the 0.01 level (2-tailed).

Regression between Tangible and Customer Satisfaction

Descriptive Statistics

	Mean	Std. Deviation	N
Customer Satisfaction	3.3557	.96614	149
Tangibles	3.3809	.72514	149

Correlations

		Customer Satisfaction	Tangibles
Pearson Correlation	Customer Satisfaction	1.000	.601
	Tangibles	.601	1.000
Sig. (1-tailed)	Customer Satisfaction	.	.000
	Tangibles	.000	.
N	Customer Satisfaction	149	149
	Tangibles	149	149

Variables Entered/Removed[b]

Model		Variables Entered	Variables Removed	Method
dimension0	1	Tangibles[a]	.	Enter

a. All requested variables entered.
b. Dependent Variable: Customer Satisfaction

Model Summary

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	.601[a]	.361	.357	.77483	.361	83.110	1	147	.000

a. Predictors: (Constant), Tangibles

ANOVA[b]

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	49.895	1	49.895	83.110	.000[a]
	Residual	88.252	147	.600		
	Total	138.148	148			

a. Predictors: (Constant), Tangibles
b. Dependent Variable: Customer Satisfaction

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
	B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1 (Constant)	.649	.304		2.136	.034		
Tangibles	.801	.088	.601	9.116	.000	1.000	1.000

a. Dependent Variable: Customer Satisfaction

Collinearity Diagnostics[a]

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions	
				(Constant)	Tangibles
1	1	1.978	1.000	.01	.01
	2	.022	9.462	.99	.99

a. Dependent Variable: Customer Satisfaction

Regression between Reliability and Customer Satisfaction

Descriptive Statistics

	Mean	Std. Deviation	N
Customer Satisfaction	3.3557	.96614	149
Reliability	3.1772	.79067	149

Correlations

		Customer Satisfaction	Reliability
Pearson Correlation	Customer Satisfaction	1.000	.642
	Reliability	.642	1.000
Sig. (1-tailed)	Customer Satisfaction	.	.000
	Reliability	.000	.
N	Customer Satisfaction	149	149
	Reliability	149	149

Variables Entered/Removed[b]

Model	Variables Entered	Variables Removed	Method
1	Relaibility[a]	.	Enter

a. All requested variables entered.
b. Dependent Variable: Customer Satisfaction

Model Summary

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	.642[a]	.412	.408	.74307	.412	103.201	1	147	.000

a. Predictors: (Constant), Relaibility

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	56.982	1	56.982	103.201	.000[a]
	Residual	81.166	147	.552		
	Total	138.148	148			

a. Predictors: (Constant), Relaibility
b. Dependent Variable: Customer Satisfaction

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	.862	.253		3.410	.001		
Relaibility	.785	.077	.642	10.159	.000	1.000	1.000

a. Dependent Variable: Customer Satisfaction

Collinearity Diagnostics[a]

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions	
				(Constant)	Reliability
1	1	1.971	1.000	.01	.01
	2	.029	8.186	.99	.99

a. Dependent Variable: Customer Satisfaction

Regression between Responsiveness and Customer Satisfaction

Descriptive Statistics

	Mean	Std. Deviation	N
Customer Satisfaction	3.3557	.96614	149
Responsiveness	3.2131	.75021	149

Correlations

		Customer Satisfaction	Responsiveness
Pearson Correlation	Customer Satisfaction	1.000	.706
	Responsiveness	.706	1.000
Sig. (1-tailed)	Customer Satisfaction	.	.000
	Responsiveness	.000	.
N	Customer Satisfaction	149	149
	Responsiveness	149	149

Variables Entered/Removed[b]

Model	Variables Entered	Variables Removed	Method
dimen 1 sion0	Responsiveness	.	Enter

a. All requested variables entered.
b. Dependent Variable: Customer Satisfaction

Model Summary

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	.706[a]	.498	.495	.68681	.498	145.871	1	147	.000

a. Predictors: (Constant), Responsiveness

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	68.807	1	68.807	145.871	.000[a]
	Residual	69.340	147	.472		
	Total	138.148	148			

a. Predictors: (Constant), Responsiveness
b. Dependent Variable: Customer Satisfaction

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	.435	.248		1.754	.082		
	Responsiveness	.909	.075	.706	12.078	.000	1.000	1.000

a. Dependent Variable: Customer Satisfaction

Collinearity Diagnostics[a]

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions	
				(Constant)	Responsiveness
1	1	1.974	1.000	.01	.01
	2	.026	8.710	.99	.99

a. Dependent Variable: Customer Satisfaction

Regression between Empathy and Customer Satisfaction

Descriptive Statistics

	Mean	Std. Deviation	N
Customer Satisfaction	3.3557	.96614	149
Empathy	3.1141	.78163	149

Correlations

		customer satisfaction	Empathy
Pearson Correlation	Customer Satisfaction	1.000	.728
	Empathy	.728	1.000
Sig. (1-tailed)	Customer Satisfaction	.	.000
	Empathy	.000	.
N	Customer Satisfaction	149	149
	Empathy	149	149

Variables Entered/Removed[b]

Model	Variables Entered	Variables Removed	Method
dimension 1 0	Empathy[a]	.	Enter

a. All requested variables entered.
b. Dependent Variable: Customer Satisfaction

Model Summary

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	.728[a]	.530	.527	.66472	.530	165.654	1	147	.000

a. Predictors: (Constant), Empathy

ANOVA^b

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	73.195	1	73.195	165.654	.000^a
	Residual	64.953	147	.442		
	Total	138.148	148			

a. Predictors: (Constant), Empathy
b. Dependent Variable: Customer Satisfaction

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	.554	.224		2.468	.015		
Empathy	.900	.070	.728	12.871	.000	1.000	1.000

a. Dependent Variable: Customer Satisfaction

Collinearity Diagnostics^a

Model		Dimension		Eigenvalue	Condition Index	Variance Proportions	
						(Constant)	Empathy
dimension0	1	dim ensi on1	1	1.970	1.000	.01	.01
			2	.030	8.118	.99	.99

a. Dependent Variable: Customer Satisfaction