THE INFLUENCE OF SERVICE QUALITY, CORPORATE IMAGE, TRUST AND SATISFACTION ON CUSTOMER LOYALTY: EVIDENCE FROM BANKING INDUSTRY IN LIBYA

By

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ABSTRACT

The study aims to explore the influence of service quality, corporate image and trust on loyalty with the mediating effect of satisfaction. In this regard, a theoretical model from various studies was conceptualized. Using a survey, a valid sample of 375 bank customers from 500 was drawn through random sampling from banks that are located in the Missurata city of Libya due to the warring and unrest in other locations. The findings of this study reveal that service quality, corporate image and trust influence customer loyalty. Importantly, some insights can be drawn from the findings of this study by practicing bankers and policy makers. The findings showed that bank policy makers should therefore ensure that appropriate policies are put in place that will ensure that the customers do not switch to competitors through clear and written policy that will guide the activities of their banks.

Keywords: Service Quality, Corporate image, Trust, Satisfaction and Customer loyalty

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CHAPTER 1

INTRODUCTION

1.0 Introduction

This chapter discusses the background of the study. After this, it discusses the overview of the banking industry in Libya and problem statement that calls for this research. Research questions, objectives, significance, and scope of the study were discussed after. Finally, the chapter discusses key terms, and organization of the entire thesis.

1.1 Background of the Study

Customer loyalty has become a critical concept in today business competitive environment and banking sector being one of the keen contenders is not exempted. Today, Commercial banks have seriously engaged in different activities through which customer loyalty is being promoted (Bahia & Nantel, 2000; Jamal & Naser, 2002). However, recent academic scholars in bank marketing (e.g. Day, 2000; Gilbert & Choi, 2003; Hennig-Thurau, Gwinner & Gremier, 2002) have advanced relationship marketing (RM) as a better tool to keep the customer loyal. In this respect, many business organizations have initiated different Relationship Marketing programs with the aim of fostering loyalty (Schiffman & Kanuk, 2004).

Customer loyalty is considered as the foundation of competitive advantage and has a strong influence on a company's performance (Rust et al., 2000). Zeithaml et al. (1996)defines customer loyalty as the willingness to stay with current service provider. Loyalty is a purchaser's commitment with service,product, or brand (Oliver, 1999).

Customer loyalty is evident itself in variety of the behaviors, "the more common being repeatedly patronizing the service provider and recommending the service provided to other customers" (Lam et al., 2004; Zeithaml et al. 1996). A customer's point of view about value acknowledgement from service provider may motivate him/her to patronize Numerous research studies showed that companies can generate more profit through retaining their current customers rather than to attain previous ones (Hogan et al., 2003,Lee-Kelley et al., 2003). Furthermore, it was observed that loyal customers were less interested in changing the company because of price and they also engaged in positive word-of-mouth communication and refer it to other customers (Reichheld & Teal, 1996).

In 2003, Anderson and Srinivasan claimed that "a dissatisfied customer is more likely to search for information on alternatives and more likely to yield to competitor overtures than is a satisfied customer". These annotations point to the significance of customer loyalty, which provides growth, and continued survival of the companies operating in the service sector. Due to high competition in service sector companies often respond by formulating customer retention strategies. (Egan, 2004).

Superior customer loyalty in service industries will lead to better productivity. Several researches had focused on probing the association of customer loyalty with its antecedents (Yi & Gong, 2008; McMullan & Gilmore, 2008; Ibanez et al. 2006; Liu et al. 2005; Aydin & Ozer, 2005; Sirdeshmukh et al. 2002; Cronin et al. 2000).

In addition, researchers have also tried to examine the moderating effect of switching costs on the relationship between customer satisfaction and loyalty (Bell et al. 2005; Jones et al.2000). Besides the antecedent role of customer satisfaction, previous research has also tried to examine relatedness among corporate image, perceived value and service quality and their influence on customer loyalty (Andreassen & Bodil, 1998; Park et al., 2006).

Consequently, Libya got its independence in December 24, 1951 but as at that time many Libyans were novice about banking since many of them lack education, skill and experience. As at then banking was remote to people except for a few pockets of depositors and borrowers. Since there was no national bank then, a British bank called Barclay bank took up the responsibility of issuing new Libyan currency having established its branches in Tripoli and Cyrenaica.

However, in the same year, 3 other foreign banks opened doors of their operations. These banks include bank of Napoli, bank of Sicily and bank of Rome and had their origin in Italy. Other banks since then joined their service counterparts in Libya and they include the Arab bank (1952), Bank of Egypt, (1954) British bank for the East (1952) and Tunisian-Algerian Estate Bank (1955).

As a further development and to regulating banking activities a Libyan National Bank (LNB) established in 1955 with its head office in Tripoli. Specifically the LNB was established as the bank of the government and was saddled with the responsibilities of issuing bank coins and notes, maintain government reserve, ensure monetary stability, influence the credit issuance and to protect external value of Libyan pound among other functions. Furthermore, in order to strictly regulate the activities of credit organization, liquidity being held by commercial banks and to control money supply, a new unified banking law was issued in 1958.

Despite the issuance of the new unified law, the LNB was not effective in controlling the foreign banks whose policies and activities were not in favor of Libyans. This unfavorable event led to the establishment of new banking law in 1963 and LNB was renamed as the Bank of Libya thereby strengthening its power as the Central bank. By virtue of the new law and the improved status of Bank of Libya, foreign banks were more curtailed since their activities were put under check to align with their short term credit functions.

Consequently, Libyan banking sector has significantly experienced many changes especially with the issuance of regulatory laws by the Central Bank of Libya. Particularly, the CBL pivoted an important role by reorganizing and restructuring banks and their capitals with the purpose of inducing these organizations to seek for more investment opportunities so as to be able compete favorably within and at international arena. This will importantly help them to attract more investors and depositors so as to increase share of market and consequently equities.

However, as the banks intensify their efforts, more different and types of services/products such as e Banking, Money Gram, Western Union Money Transfer and other service schemes are being introduced. The introduction of all these services coupled with the liberalization of the sector has increased the rate of competition and every bank has been looking for better ways to retain their customers in order to survive in the marketplace.

1.2 Problem Statement

The importance of customer loyalty in any organization especially in the banking sector cannot be overemphasized. However, previous researches have shown that achieving 100% loyalty threshold is almost impossible and unusual since many of the customers of the banking and other industries today are patronizing multiple brands (Cooil et al., 2007; Rust, Lemon, Zeithmal, 2004; Uncles, Dowling & Hammond, 2003;). In this era of stiff competition, getting customers that are loyal for banks in particular is becoming challenging since many of these customers are banking with several banks other than their primary service providers (Ernst & Young, 2012).

For instance, very huge number of customers has been found to maintain more than one account in different banks (e.g., Chan & Ma, 1990; Denton & Chan, 1991; Lan, Burton & Lo 2009). Moreover, Ernst & Young (2012) in line with this surveyed over 28,500 banking customers in 35 countries and discovered that customers of today have dual loyalty towards their banks since around 34% of the customers globally have changed their primary service providers while 74% have equally switched service provider in the last one decade. In particular, the company discovered that developed countries such as Canada and US largely witnessed this scenario as 45% of banks' customers in those countries switched service providers in 2012. The case of customer disloyalty is not only common with banks in developed countries; similar cases have also been found in developing countries such as Libya.

Importantly, diverse reasons are responsible for dual loyalty on the part of the customers some of which include, poor account rates, poor quality service at the branch level, poor corporate image, service failings, lack of trust and satisfaction, lack of personalized contact and so forth (Ernst& Young, 2012). This has also been the case of Libyan Banks where (Akgam, 2012) reported issues of ill-mannered attitude at the service counter, inadequate employees to serve the customers, congested telephone lines and limited banking hours as part of the factors s causing high level of dissatisfaction and subsequent disloyalty in Libya banks.

In view of the challenges being faced by the banking sector many studies have been conducted in other countries of the world especially in developed countries(Al-Awadi, 2002; Chang, Wang, & Yang 2009; Kuo & Ye, 2009; Yieh, Chiau, & Chiu 2007; Yu, Wu, Chiao, & Tai, 2005), however, obtaining precise conclusions about the antecedents of customer loyalty has become a difficult task(Seto, 2012) especially in developing countries like Libya where there are scarcity of literature on customer retention (Akgam, 2012). In this respect therefore, extant scholars have continued to search for and call for further research that can bring about comprehensive understanding of factors that can be used to predict customer loyalty (Seto, 2012).

Consequently, several studies have been conducted with respect to factors that can make organizations like banks to retain their customers over a long period of time and for repeated patronage. Part of issues that often discussed in line with the practical findings include bank corporate image, service quality, trust, and satisfaction as theoretical concepts that can be used to make customers become loyal (e.g., Ravichandra et al 2010; Seto, 2012). However, disagreement remains among the scholars on how customer loyalty can be achieved.

1.3 Research Questions

Based on the issues discussed in the background and problem statement of this study, the following are the research questions:

1. What are the relationships among service quality, customer satisfaction and customer loyalty in the banking sector of Libya?
2. What are the relationship among corporate image, customer satisfaction and customer loyalty in the banking sector of Libya?
3. What are the relationships among trust, customer satisfaction and customer loyalty in the banking sector of Libya?
4. Does customer satisfaction mediate among service quality, corporate image, trust and customer loyalty in the banking sector of Libya?

1.4 Research Objectives

Based on the research questions stated above, , the following are the research questions:

1. To determine the relationships that exist among service quality, customer satisfaction and customer loyalty in the banking sector of Libya.
2. To determine the relationships that exist among corporate image, customer satisfaction and customer loyalty in the banking sector of Libya.
3. To determine the relationships that exist among trust, customer satisfaction and customer loyalty in the banking sector of Libya.
4. To determine the extent in which satisfaction mediates among service quality, corporate image, trust and customer loyalty in the banking sector of Libya.

1.5 Significance of the Study

With the current trend of banking practices in Libya, this study will obviously be useful in number of ways to academicians, banking practitioners and policy makers. For instance, the academics will find many insights through the relationship that will established among the variables of this study. These insights can be used to predict factors for customer retention since most previous studies often concentrate on customer satisfaction (which is transient in nature).

Further, the banking practitioners will equally be availed useful strategies that can be used to enhance and improve their corporate image, service quality, level of trust, customer satisfaction and customer loyalty. This is very essential since customer loyalty is often the ultimate objectives of many organizations, knowing factors that can be used to secure the loyalty at the expense of competitors will be of higher value to the banks and will help them in achieving the overall corporate objectives.

Banking sector is very important to the economy development of any country. Therefore, this study will help bank policy makers and government of Libya in formulating policy that can help the bank to maintain good relationship with their customers.

This is essential since the government of Libya is currently making attempt to integrate the activities of all financial institutions in Libya with those of non-financial institutions for the purpose of achieving and improving the overall objectives of the government. This can only be achieved effectively if customers who are the main drivers of the sector are loyal.

1.6 Scope of the Study

The scope of research is limited to factors that serve as antecdents to customer loyalty in the banking sector of Libya. This sector is chosen since it is globally facing some challenges concerning customer loyaly. Most importantly, the banking sector occupies imporatnt position in the economy development of any nation and particularly Libya where the government is trying to integrate financial and nonfinancial sectors for the purpose of serving the customers better so as so to sustain competitive advantage.In conducting this study therefore, the researcher shall collect data from all individual customers that are patronizing the banking sector in Libya. These segments of the customers are chosen since they will be in the best position to give their perception about the effectiveness of the services they are receiving.

Theoretically, the study shall concentrate on those factors that are determining the level of loyalty among Libya banking customers. To do this, this study shall extensively review past literaure on coerporate image, trust, service quality and customer satisfaction. The customer staisfaction will be serving as mediating variable between indepent variables and dependent variables of the study

1.7 Organization of the thesis

The thesis is organized as follows.

Chapter oneintroduces the background of the study and explains the problem statement. From the problem statement, the chapter discusses research questions and objectives. It further discusses significance of the study, scope and the thesis shall be organized.

Chapter two which is the literature review shall discuss in brief the history of Libya banking sector. It shall further discuss concepts of customer loyalty, customer satisfaction, service quality, corporate image, their antecedents and how they relate to customer loyalty. The chapter shall also discuss strategies that can be used to enhance customer loyalty.

Chapter three is the research methodology. The chapter shall discuss research design, population of the study, unit of analysis, sample size, data collection procedure, research variables, and theoretical framework of the thesis. It shall also discuss data analysis strategy of the study.

Chapter four shall present the findings of the study. It shall discuss the descriptive analysis, correlation analysis, and detail discussion of the results. Chapter five is the conclusions and recommendation of the study. In this chapter, the implication which involves both theoretical and practical implication shall be discussed. The chapter shall also make recommendation for future research.

CHAPTER 2

LITERATURE REVIEW

2.0 Introduction

This chapter reviews previous studies on customer loyalty and its precursors. In particular the chapter considers the mediating variable, as well as independent variables of the study. The chapter at the beginning briefly introduces the banking sector of Libya after which it discusses customer loyalty as the dependent variable of the study, customer satisfaction as mediating and service quality, image and trust as independent variables. The chapter also discusses the relationships between all the variables and strategies that can be used to enhance loyalty in the banking industry while summary of the chapter follows.

Customer relationship management is an attempt to foster an ongoing, and to sustain exchange relationship with an organization's clients based on the foundation that it does make an economic sense to satisfying customers towards retention (Day, 2000). The main premise of Relationship Marketing is based on the understanding and satisfaction of the needs of customers (Jones & Farquhar, 2003). Today, many contemporary financial institutions have opted for customer care programs as one of the practices of Relationship marketing with the aim of enhancing loyalty (Ryan and Ployhart, 2003). In this respect therefore, recent studies on financial sectors have, thus, focused on relationship marketing; a concept introduced by Berry (1983). The whole idea is anchored on the fact that when long term relationship is kept with customers there would be a reduction in the rate of defection, cost would be reduced and revenue would shoot up (Harrison, 2003; Ogba & Tan, 2009).

Many studies have been conducted on the importance of relationship marketing in with the purpose of fosteringcustomer loyalty (see Akthar & Hujra, 2011;Aydin & Ozer, 2005; Day, 2000; Jones and Farquhar, 2003; Seto, 2012). However, researchers such as Gilbert & Choi (2003) argue that, RM is not being implemented effectively and carefully in the service industry generally andespecially in the banking sector, since customers' needs, expectations, perception of service received, satisfaction, and loyalty do not form the basis of implementation. It is in this respect that the issue of customer loyalty is being examined in the Libya bankingsector being a subsector of the service industry.

Generally, service industry is tremendously impacting the world economy as it contributes almost two-third of the world economic output (World Bank, 2010). Management of services is highly difficult due to its inherent features which include heterogeneity, perishability and inseparability (Arasli, Katircioglu, & Mehtap-Smadi, 2005). The nature and complexity of the service in addition to the high rate of growth of the service industry generally has called for excellent service delivery that can bring about customer loyalty (Jeng & Bailey, 2012). Particularly, the high rate of competition among service providers in the recent time and which has made the consumers to be exposed to different service alternatives has made number of the participants in the industry to start rethinking their strategies towards customers retention (Arasli et al, 2005).

Financial industry in general and Banking sector in particular are major part of the services industry. In line with the recent growth in the global banking arena especially the integration of the banking, injection of more regulations and the technology breakthrough has called for better services (Abd-El-Salm, Shawky, & El-Nahas, 2013; Eighie, 2006; Hansemark & Albinsson, 2004).Today, banking industry is spreading its tentacles across different countries of the world, making available different services and products and even competing with none-core financial service providers with the purpose of meeting up with increased needs of the customers Abd-El-Salam et al, 2013).

Banks in the USA for instance are facing stiff competition from all other banks across region since boundaries are fading and almost eliminated with respect to banking markets. Additionally,many of the developing countries, like Libya and others banking sectors are witnessing and instituting changesso as to catch up with the development in the global economy (Akgam, 2011). Delivering quality services and products to the customer is therefore essential for success and survival in today's global and highly competitive banking environment (Ahmad, Rehman & Saif, 2010).

In fact previous researches have repeatedly shown that for organizations to earn loyalty of their customers, service quality must be given high consideration since such can bring about improved organization's outcome in form of superior performance, high sales profits, improve customer relationship management and increase in market share (Caruana, 2002;Duncan & Elliot, 2002; Ehigie, 2006; Fisher, 2001; Newman, 2001; Poretla & Thanassoulis, 2005; Szymigin & Carrigan, 2001). However, experience and previous research findings have shown that service quality has almost become a mirage and tough challenges among service providers and especially the banking sectors (Kheng, Mahamad, Ramayah, Mosahab, 2010). This importantly is evident in number of issues, defection and high rate of dissatisfaction among the customers in the recent time (Ernst & Young, 2012; KPMG, 2012)

Furthermore, Customer satisfaction is another important aspect for service organizations and is highly related tocustomer loyalty and high retention rate (Bolton and Drew, 1991; Cronin & Taylor, 1994). Previous researches have continued to find correlation between increased customer satisfaction and other performance metrics such as bond, commitment, retention, increased tolerance level for service defect and favorable word of mouth (Heskett Sasser, & Schlesinger, 1997, Goode & Moutinho, 1995; Newman, 2001). However, practical and empirical findings have shown that the rate of customer satisfaction especially among the banks in developing country is dropping.

This is evident in recent reported cases of customer dissatisfaction especially in the banking sectors where majority of customers tend to patronize alternative service providers due to inappropriateness and deficiency in the services provided (Ernst & Young, 2010; KPMG, 2013). Though many previous researchers have found significant relationship between customer satisfaction and loyalty, various theoretical evidences have however shown that satisfied customers may not necessarily be loyal. The reason being that customers of today want practical improvement in processes, they want personalized services and improved service quality and it is the only service provider that can meet up with all these requirements that will be able to retain the customers over a long period of time (Yap, Ramayah, Nushazelin & Shahidan, 2012).

In addition, corporate image which is a concept in marketing has been replete as an important factor that can serve as an antecedent to satisfaction and loyalty. Today, and due to the financial crisis that was witnessed recently, banks around the world have continued to battle with image issues which have equally affected the level of trust and satisfaction of their customers. This is evident in the rate of customer switching of banks service providers and maintenance of multiple bank relationship which is an indication of customer disloyalty (Ernst & Young, 2012; KPMG, 2013).

Furthermore, trust is an important variable that has been practically and theoretically found to be an important variable in banker customer relationship (Yap, et al, 2012). Industrial practitioners and academic have clearly asserted that trust forms the foundation upon banking relationship is built especially in both traditional and electronic banking relationship (Kim, 2012; KPMG, 2013). However, several cases of customer distrust in banking relationship have been reported especially with the recent financial crisis that hit the financial sector generally and which has subsequently affected the rate of loyalty among the customers.

2.1 Customer loyalty

Concept of customer loyalty is central to marketing activities in both academic and organizational practices. Importantly, the era of stiff competition among organizations and the ubiquitous of the commercial banks in the recent time have particularly called for management of customer loyalty through which the service providers can maintain competitive advantage (Aydin & Ozer, 2005). For any organization to sustain brand longevity it must take into consideration concept of customer loyalty as a key componentof its activities (Akthar & Hunjra, 2011). Perhaps this notion has made several academic scholars to delve into what customer loyalty involves from different perspectives.

This particularly implies that there is no universally acceptable definition of loyalty (Seto, 2012). For instance, Oliver (1997) defines customer loyalty as a genuinely held commitment to continue to buy or re-patronize same product or service that is preferred consistently in the future in spite of alternative offers and other distractions that can cause switching behavior. Jacoby & Chesnut (1978) in their initial conceptualization regarded customer loyalty as a behavior that is formed towards a particular product over time while same was conceptualized by (Pritcahrd, 1991).

According to Seto, (2012),loyalty behavior varies and this may include repetitive purchases from the same service provider or an improvement in the level of relationship with one supplier. In addition, Day (1969) believed that loyalty is caused by a strong internal disposition and which eventually leads to continuous purchases with same supplier. Based on different perspectives of customer loyalty, this study aligns with the position of Oliver and defines Customer loyalty as the genuine feeling and attitude of customers to continually patronize a particular service provider irrespective of outside attractions and other situational influences.

Furthermore, earlier scholars such as Jacoby and Kyner (1978) cited in Nareth (2012)regarded loyalty as the deliberate purchase displayed overtime by an individual or an organization with respect to one certain brand or set of brands. The implication of this therefore suggests that a customer that who is loyal will remain with the bank over a period of time and will likely patronize any form of new services/products and perhaps make positive referrals for their banks (Fisher, 2001). Other scholars have also argued that customers may display different levels of loyalty towards their service providers (Lam, Burton & Lo, 2009).

The benefits of customer loyalty are tremendous and have been documented in literature. For instance, some authors believe that when customers are loyal, the income of company will increase since such loyalty will lead to buying more services and products (Ehigie, 2006; Kashim & Abdullah, 2010). Other scholars assert that loyalty brings about new businesses through referrals while others maintain that it can reduce cost of operation since it is quite expensive to recruit new customers than retaining the ones (Aydin, et al, 2005).

2.2 Customer Satisfaction

Customer satisfaction is a concept that has passed through different research phases (Ulaga & Eggart, 2006). Customer satisfaction research is influenced by disconfirmation paradigm where the paradigm asserts that a customer's state of satisfaction results from a process of comparison between perceived performance or expectation and actual service delivery (Parasurama, Zeithmal & Berry, 1988). The customer is satisfied when she/he holds the perception that the product/service rendered or enjoyed has actually met the standard or she/he sets thereby confirming. Additionally, if the performance exceeds expectations, the customer is highly satisfied thereby positively confirming. However, a customer might be dissatisfied when the product/service performance falls below expectation and which will lead to negative confirmation (Ulaga & Eggart, 2006).

Importantly, a large body of literature has pointed to the benefits of customer satisfaction. The cardinal point of many of this research is that customer satisfaction is a precursor or antecedent of loyalty/retention (e.g,; Szymanski & Henard, 2001). Other researchers have also indicated that satisfaction can bring about increased in number of transactions, additional services willingness, reduction in price elasticity or sensitivity, positive word of mouth, reduction in cost of transactions and increase in the overall value of the firm (O'Sullivan & McCallig, 2009; Ulaga & Eggart, 2006; Zeithaml et al., 1996) .

In fact customer satisfaction has generally been regarded as one of the utmost long term goals of any organization while general concept of marketing equally suggests that a satisfied customer will be willing to repeat purchase than customer who is not satisfied (Cooil, Keningam, Aksoy & Hsu., 2007). Additionally, most of the firms want to retain customers and reduce rate of defection (Ching, Ng & Wong, 2004). This goal can only be achieved when antecedents of customers are investigated and the outcomes been implemented by the practitioners.

Despite the benefits and various research phases which customer satisfaction has however gone through, one recurring question that is almost not answered is whether customer satisfaction for products is different from that of service or they are the same (Awan, Bukhari, & Iqbal, 2011). In another paradigm, some inquisitions have also been made about whether direct or indirect measures should be used in conceptualizing and measuring the attitudinal components of satisfaction which often arises from consumer experience (Malhotra et al., 1994). Obviously some marketing researchers have used behavioral measures to analyze customer satisfaction thereby believing that customer satisfaction is a component of behavior (Boulding et al., 1993; Chandon et al., 1997).

Additionally, many previous studies especially in the field of financial services have asserted that few attempts have been made to address the issue of customer satisfaction since no specific yardsticks are available for such exercise (Awan, et al, 2011). A relatively organized list of dimensions provided by Howell and Shamir (2005) includes:

availability, timeliness, responsiveness, completeness, tangibility, reliability, empathy and responsiveness.

2.3 Service Quality

The concept of service quality has been debated and studied over several decades. Extant scholars have assert that in order for an improvement and value to be added to the services been rendered to the customers, management of any organization must comprehend what actually constitutes the service quality and how it must be measured appropriately (Awan, et al, 2011). In this respect, a large number of studies have been carried out with the purpose of understanding the nature and dimensions of service quality, trust, and corporate image and how they relate to customer loyalty across many different service settings (Abd-El-Salam, Shawky, & El-Nahas, 2013; Kumar & Ravindran, 2012; Seto, 2012)

In the recent time, especially with diversified ownership structure and active participation of other nonconventional financial service provider in the banking arena, banking sectors have continuously improving the ways they are providing services(Awan, et al, 2011). This has tremendously increased competition among the banks and has equally help in the huge attraction of customers. Today, many customers are seriously concerned about the quality of services they are receiving especially with the increase in rate of their awareness(Ahmad Rehman & Saif, 2010). The customers are however will continue patronize the bank that makes them satisfied and will not hesitate to switch to other banks if otherwise.

In recent years, banking organizations are getting alerted and have continued to raise concerns about the fact that customer patronages are not only influenced by just value, but also after service support which continue to give assurance of the value initially received (Agnihothri, Sivasubramaniam & Simmons, 2002). The effective delivery of high-quality service can help to build and sustain long-term relationships with customers. (Ahmad et al., 2010)

Furthermore, service quality as one of the concepts of marketing has been largely recognized as an important strategy being adopted by many organizations (Johora & Razzaque, 2013). This concept allows organizations to distinguish themselves from their competitors as well as increase their share of market since it brings about customer satisfaction, repeat purchase behavior, brand loyalty and subsequently positive word of mouth (Lewis, 1991; Newman, 2001; Caruana, 2002; Wang et al., 2003).

In addition, the review of extant literature on service quality has shown that service quality has been defined in different ways. For instance, Parasuraman, Berry & Zeithaml (1988) in their SERVQUAL concept define the concept of service quality as the gap that exists between service delivery and customers' expectations. Fornell et al (1996) in their American Customer Satisfaction Index (ACSI) define service quality as the extent to which a service or product makes provision for customers requirements and how such requirements are subsequently met (reliability). However, such definitions of service quality primarily focus on service delivery process only (Kang, Cho & Baek)

In service situation however, both delivery process and results are important to the customers. For instance, the service results which include both mental and physical change of the customers' state of mind after the service has been delivered are important. If to some extent, customers' expectations are not met, the customers may be disappointed and regard the outcome of the service to be poor irrespective of the process that is involved. As a result, such feeling negatively affects the value of the service. Therefore, results are positively related with perception of service quality and customer value. In line with this, some authors have asserted that service quality and results that are obtained are very significant in the determination of service quality value (Heskett et al. 1997).

In measuring service quality however, extant scholars have developed different models (Keyeser & Razzaque, 2014). The most popular among these models include the SERVQUAL (Parasuraman et al , 1988, 1991), the Nordic model (Gro¨nroos, 1984); the multilevel model (Dabholkar et al., 1996) and three components model (Rust and Oliver, 1994). The SERVQUAL regarded service quality from sixteen to five components of responsiveness, reliability, assurances, empathy and tangibles.

The SERVQUAL model been widely embraced to studying the perception of customers with regards to the service they receive from their service providers as well as what they expect in the nearest future with regards to service provision (Carrillat, Jaramillo & Mulki, 2007). Importantly, the model has also been used in various contexts of services such as private healthcare and hospital outpatient services (Butt & Cyril de Run, 2010;

Hu, Lee & Yen, 2010; Juwaheer, et al, 2012), information technology and business to business services (Badri, Abdulla and Al-madani, 2005; Gounaris, 2005; Hsiao, Lin, Wang, Lu and Yu, 2010), logistics services and library services (Ahmed & Shoeb, 2009; Baki, Basfirinci, Cilingir & Murat, 2009).

In the banking sector, there are various studies that have used SERVQUAL in studying customer satisfaction and its relationship with customer loyalty. Nordic model expressed service quality from the perspectives of technicality and functionality. The focus of three component models was on service delivery, service product and the environment where the service is delivered. The multilevel model views service quality from hierarchical perspective and thereby categorize service quality into three layers:

(i) The total perceptions of customers about service quality;

(ii) Primary dimensions; and

(iii) sub-dimensions

2.4 Corporate Image

In marketing literature, there are diverse opinions and confusion among the concepts of corporate image, reputation and corporate brands (Richard, Zealand, Zhang & Shangai, 2012). The focus of this study is however on corporate image (Abratt & Mofokeng, 2001; Balmer & Gray, 2003) and especially how it relates to customer satisfaction and corporate loyalty in the banking industry. Corporate reputation of an organization involves the total estimation of an organization’s performance in the mind of the stakeholders. On the other hand, corporate brand symbolizes a bundle of customer expectation since it represents everything the company or service provider signifies and provides important resource through which a company can maintain its competitive advantage (Balmer & Gray, 2003; Gotsi & Andriopoulos, 2007).

Though the concept of corporate image has been widely acknowledged in literature, there is no universally acceptable definition (Richard & Zhang, 2012). Corporate image which is often used synonymously with corporate brand and reputation has been defined as the total cognitive impression created in the minds of consumers (Gray & Balmer, 1998; Mazursky & Jacoby, 1986). Though corporate image is dynamic and is interrelated with the concept of corporate reputation, its antecedents revolve round some factors such as perception, beliefs, impressions and ideas and it is significantly aided by company’s information, attitude of managers and the philosophy of the organization as a whole (Dowling, 1986; Gotsi & Wilson, 2001). Importantly, building of image evolves with time, translated through the identity of a company and concretely leveraged off the firm’s reputation (Abratt & Mofokeng, 2001).

Furthermore, Grönroos (1982) opined that importance of image to corporate success cannot be overemphasized since it is largely determined through the assessment made by the customers about the services being rendered. However, evidence has shown that most of the initial researches on corporate image are conducted in retail and manufacturing sector while similar assessment in service industry (Richard et al, 2012) like banking has been ignored. Since service industry occupies important position in the scheme of development of any country, Nguyen & LeBlanc (1998) for instance therefore maintained that holistic understanding of the corporate image components is essential for the achievement of corporate goal and competitive advantage of the service industry.

This position has also been echoed by other authors who equally asserted that for services oriented and complex organizations to earn customer loyalty, understanding the concept of corporate image rather than customer satisfaction alone is very important(e.g., Andreassen & Lindestad 1998). The finding of Andreassen &Lindestad (1998) has further challenge the old concept that holds that customer satisfaction is the basic avenue through which companies can earn loyalty, though other authors have equally proved that customer satisfaction can mediate between corporate image and consumer loyalty (Hart & Rosenberger, 2004; Koo, 2003; McAlexander, Kim, & Roberts, 2003).

Furthermore, Selnes (1993) indicated that the service providers' general image has significant impact on the level of customer loyalty. He thereby reaches a conclusion that in a situation where customers have less or limited capacity to appraise company's products or services, managerial attitude and communications are essential keys to retaining the customers. Importantly, each service interaction that the customer has with the service provider forms a pedestal to develop a cumulative image of the firm, and this feeling will have significant impact on satisfaction and loyalty (Johnson et al, 2001; Richard et al, 2012).

2.5 Trust

Concept of trust has been widely researched and its root can be traced to some scientific disciplines and different school of thoughts such as philosophy, psychology, law of contract, economics and marketing research (Yee & Yeung, 2010). Though these school of thoughts have different perspectives with regards to what constitutes trust (Yee & Yeung, 2010), Castelfranchi & Falcone (2010) have summarily specified three key concepts of trust which extant scholars have recognized and this include: a mental attitude, a decision to rely upon the other, a behaviour based on intentional act of trusting.

Furthermore, trust has been regarded as a key variable in commitment-trust theory where Morgan and Hunt (1994) revealed that the trust is pivotal to any successful relationship marketing. Morgan and Hunt maintain that trust only exists "when one party feels confident that an exchange partner is reliable and has integrity". Deutsch (1960) in this respect has initially identified trust as the confidence which an individual has in the relationship partner's intentions and abilities and that such partners would act as agreed. Importantly, concept of loyalty to service provider or a brand implies that the brand or the service provider can be trusted and especially in the banking context (Thakur, 2013).

Previous studies have in fact proved that lack of trust can affect the way consumers perceive or access financial institutions generally and banks in particular and this will significantly determine customer's attitude to form partnership with the service provider (Zhao et al., 2010). Research evidence has equally revealed that important relationship exists between e-channel and other services such as internet banking services (Kim and

Prabhakar, 2000). Trust has also been regarded as an important precursor in many relationship marketing models with satisfaction or loyalty as dependent variables (e.g., Schaupp & Be´langer, 2005; Verhagen, Meents, Yao-Hua, 2006). Role of trust as an antecedent to satisfaction has also been proved by Kim (2012)especially in an online banking context.

Despite the importance of trust in relationship marketing, no consensus has been reached among the marketing scholars with regards to the definition and model of trust in marketing. However, the understanding that cuts across among them all is that trust depends on mutually beneficial relationship, (Gundlach & Cannon, 2010; Shim et al., 2013). In addition, the most common features that are often associated with consumers trust include reliability, honesty, competence, fulfillment, benevolence, credibility and quality (Kantsberger & Kunz, 2010; Sirdeshmukh et al., 2002). These features according to Blomqvist (1997) help to address the cognitive process which takes place in the minds of consumers with the contemplation whether to trust or not to trust service provider. Importantly, trust may materialize as expectation of some sort of help that is useful for the consumers themselves (Castelfranchi & Falcone, 2010).

Due to the nature of banking sector however, trust occupies an important position in the entire activity of the service provider(Kantsberger & Kunz, 2010), and forms an important basis for relationship even though there is a general belief that lack of trust often bring about contractual written agreement between the parties that are involved in the relationship (Castelfranchi & Falcone, 2010). This perhaps has made Sako’s (1992) to come up with typology of trust and categorizing the trust into 3 levels of contractual trust, competence trust and goodwill trust.

Furthermore, trust significantly dependson risk especially in a situation where the customers may be paying for services or products that do not meet their expectation and thereby not satisfied (Gundlach & Cannon, 2010; Kantsberger & Kunz, 2010; Zhao et al., 2010). Kantsberger & Kunz (2010) for instanceare of the opinion that lack of trust may arise from environmental events and neither the bank or nor the customers may have influence or control over the incidents. In their findings, they however discovered that bridge of trust often happen as a result of lack of right capacity or qualityto act in favor of customers' interest.

Accordingly therefore, many authors have defined trust in diverse way. For instance, Kumra & Mittal (2004) conceptualized trust in banking as perception and confidence of security that the bank or its representative will perform or act in such way that it will not jeopardize the interest of the customers. This definition is equally in line with that of Grayson et al. (2008) who also assert that trust is the belief which the customers hold that the bank is benevolent and honest in its dealing. On their part Shim et al. (2013) also argue that the concept of trust is anchored on the belief that the service organizations are reliable, will always adhere to regulations, execute duties effectively and serve the general interest of the customers.

2.6 Service quality as an antecedent of customer satisfaction and loyalty

Various studies on service quality have been conducted in the field of banking and non banking sectors. Such studies have reported diverse relationships between service quality and customer satisfaction (Deshwal, Rajal& Mittal, 2014; Caruana, 2002; Johra & Razzaque, 2014). The outcomes of these studies have however indicate that when organizations provide quality service to customers, such customers will likely be satisfied and when they are satisfied, they will likely be loyal.

For instance, Deshwal, et al, (2014)having realized that Indian health sector is at nascent stage despite that the government has spent $65billion as at 2012 conducted a study in Delhi Clinic with the purpose of identifying the dimensions of service quality that impact on the students' satisfaction. The study was carried among 445 under and postgraduates' students in Delhi engineering colleges through distribution of questionnaires. The researchers used modified SERVQUAL and other instruments and having conducted reliability tests and the Kaiser-Meyer-Olkin measure of sampling using SPSS, it was found that dimensions of SERVQUAL such as reliability of clinic's staff, professionalism, accessibility to essential facilities, cleanliness of the clinic environment, and the ways the staff attend to the emergencies all have significant effect on the satisfaction of patients.

The implications of their study further suggest that for satisfaction to be further enhanced, regular interactions and meetings with students on their health needs, fortnight meetings where students issues can be discussed, regular education of students on common diseases, provision of facilities through which students can anonymously discuss their health challenges and educating the students about the current clinic facilities will go a long way to achieve this objective.

Furthermore, Johra & Razzaque (2014), conducted a study in Bangladesh with the objectives of examining causal and mediating factors of relational, core and tangible service quality on overall customer satisfaction and rapport. The data of the study which was analyzed with Structural Equation Modeling was obtained from 212 customers in Bangladesh. The results of this study reveal that dimensions of service quality such as relational service is a major precursor and significantly mediates between rapport and overall customer satisfaction. In addition, the study also shows that core quality only predicts rapport while tangible service quality has no significant influence on satisfaction.

The implications of their study suggest that when each customer receives personalized attention and effort is put in place to understand the specific need of individual, a successful relationship will be built. The result of the study further asserts that when promises are kept and there are flawless services, effective rapport will be built and this will have significant effect on overall satisfaction.In addition to the above, Caruana (2002) also investigated service loyalty in Malta through direct and mediating effect of service quality and customer satisfaction respectively. The author collected the data of the research through postal questionnaires from valid 194 retail banks respondents and analyzed the data with structural equation modeling. The results of the study reveal that service quality has significant influence on service loyalty through mediating effect of customer satisfaction.

Importantly, service quality explains 53% variance in satisfaction and suggests that management should equally pay attention to other factors that can impact overall satisfaction and eventually customer loyalty. Such factors include transition satisfaction, value and corporate image while a clearer understanding about the sequence of relationship between service quality, customer satisfaction and customer loyalty and ultimately the organizations performance will help in ensuring better allocation of limited marketing resources.

Furthermore, Awan et al (2011) examined the influence of service quality on customer satisfaction of Islamic and conventional banks in Pakistan by using the modified SERVQUAL scale. Aside, the study also examined the discrepancies in service quality satisfaction and its influence on the continued intentions of the consumers. In conducting the study, a field survey was used and data were collected from 200 customers of three major conventional and Islamic banks through convenience sampling technique. The study used analytical hierarchical process to analyze the data and through factor analysis, major service quality dimensions that impacted customer satisfaction were identified.

The dimensions include service architecture, convenience, empathy and customers focus. The result of the study indicates that service quality is a significant indicator of customer satisfaction while customer satisfaction influences customer behavioral intentions. The practical implication of the study suggests that service provider generally, and banks in particular can successfully position their services in the minds of the consumers and perhaps generate favorable behavioral intentions by ensuring quality services are provided since that can bring about satisfaction.

In addition, Gupta & Dev (2012) having objective of identifying those factors that can influence satisfaction in the banking sector of Indian conducted a study among 400 customers of the sector. The predictors of customer satisfaction in their study were service quality, hygiene/ambience of the environment, participation/involvement of the customers, accessibility and financial. The data of the study was eventually analyzed with multiple regression technique and it was revealed that service quality is the most significant among other factors that influences client satisfaction.Importantly, all the identified dimensions are anticipated to bring about comprehension and understanding about how customer satisfaction can fully be enhanced. This would help the management of the banks to create strategies and action plans to retain their current customers and to attract new customers.

Furthermore, Ehigie (2006) seeks to examine how perceived service quality, and customer expectations and satisfaction predict loyalty among customers of banks in Nigeria. The study adopts triangulation of qualitative and quantitative approach in order to draw the conclusion and implication of the study. In the qualitative section, a focus group containing 18 respondents was interviewed. The group consists of customers operating current, savings and electronic bank accounts while the quantitative approach consists of 247 customers who responded to the survey questionnaire. Importantly, the data of the study were analyzed with hierarchical regression technique and the outcome of the study revealed that perceived service quality significantly predicts customer satisfaction and eventually loyalty. The implication of this study suggests that banks management should be conducting customer satisfaction survey occasionally with the aim of determining factors that can enhance the satisfaction towards retention and loyalty.

Moreover, Chen, Liu, Sheu & Yanng (2012) while challenging SERVQUAL introduced FAIRSERV with the objective of understanding those factors that can determine customer satisfaction in the financial service industry. In order to achieve the objectives of the study, a cross-sectional questionnaire survey was conducted among 420 customers from the financial services industry in Taiwan. The data of the study were analyzed with PLS-Graph with the purpose of measuring reliability, validities, and to test the hypotheses of the study. Importantly, the outcomes of the study reveal that fair service significantly influences satisfaction as well as trust and customer value. The implication of the study suggests that financial institutions managers must carefully institute and implement policies that will ensure that quality and fairness are embedded throughout the organization while serving the customers.

Additionally, the study of Kassim & Abdullah (2010) was carried out with purpose of investigating the relationship that exists between perceived service quality, trust, satisfaction and loyalty in e-commerce industry of Malaysia and Qatar. The study used survey method to gather data of the study and structural equation modeling was used as a technique of analysis. As the outcome of the study indicates, perceived service quality has direct influence on loyalty through satisfaction. Customer satisfaction was found to influence trust while both satisfaction and trust have significant effects on loyalty through word of mouth (WOM). The study also found that there is no significance difference between the influences of perceived service quality on satisfaction, trust on loyalty and satisfaction on loyalty among the two countries customers.

This importantly indicates that the relationships in the model did not hold across the two cultural groups since the cultures of the customers in the two countries are similar. However, the authors assert that for loyalty to be enhanced especially in an e-commerce setting like banking effort should be made to improve attractiveness, ease of use and the security of their website. Therefore, bank practitioners should channel their efforts towards putting appropriate strategy that will each marketing environment and through which business success can be achieved.

Furthermore, Naeem, Akram & Saif (2009) conducted a comparative study with the purpose of investigating the effect of service quality on customer satisfaction of public and foreign banks in Pakistan. A sample of 200 customers was drawn across the two banks. Responses from data collection were analyzed with SPSS version 14 while the regression analysis of the study indicates that service quality was a stronger determinant of satisfaction in foreign bank and opposite result was obtained for the public bank sector. Based on the outcome, the authors conclude that if service quality is effectively managed, customer satisfaction can be enhanced.

2.7 Corporate Image as an Antecedent to Customer Satisfaction and Loyalty

Corporate image has been critically considered as an important factor that determines overall organization and corporate success (Kandampully & Hu, 2007; Sarstedt et al., 2012). This assertion is based on the fact that the corporate image lies in the mind of the customers and forms the benchmark which customers use to judge the reliability of the service providers (Bravo et al, 2009; Nguyen; 2006). Even though image has been regarded as an important asset which a company can possess however, a globally definition of it does not exist (Pina, Martinez, deChernatony & Dury., 2006).

The diverse view of image considers it from two perspectives of organization and marketing literature (Keisidou, Sarigiannidis, Maditinos & Thalassinos, 2013). From the perspective of organization, image is considered as the way employees of a company would want external customers to perceive their company. On the other hand, the suggestion of marketing literature regards image of a bank as thefeelings of all the customers and other external stakeholders with respect to their attitudes and beliefs towards it (Pina et al., 2006). Importantly, this concept has been widely used to explain the way customers feel about a company, the services and products which the company offers and its reputationwhich can generate value (Fathollahzadeh, Hashemi & Kahreh, 2011).

A company can maintain a good marketing standing and increase it share of the market if the customers are holding good perception about the company (Korda & Snoj, 2010).

However, the specific relationship between company image and satisfaction has been a subject of debate. In this instance therefore, previous studies have established a diverse relationship between image and customer satisfaction (Abd-El-Salam, Shawky, & El-Nahas, 2013; Lai, Griffin & Babin, 2009; Martenson, 2007; Ogba & Tan 2009; Sondon, Omar, & Wahid, 2007).

Martenson (2007) for instance, had the objective of examining the influence of store image on customer satisfaction and loyalty among grocery retailing outlets in Sweden and conducted a study among 1000 customers. The test ofthe conceptual model of the study which was based on just simple path model which shows a relationship that exists between independent variable of the and dependent variables of the study reveals that store corporate image has stronger influence on customer satisfaction then store loyalty. The study further shows that store as a brand, that is the ways the retailers perform their functions tend to be more important than what the store offers and this will greatly lead to customer satisfaction and loyalty.

Furthermore, the study that was conducted by Abd- El-Salam et al (2013) equally aligned with the findings Mantenson (2007). The authors having the objective of exploring the relationship that exists among corporate image, service quality, customer satisfaction and loyalty conducted a study in Egypt. The data of the study were collected from 800 valid respondents through questionnaire and analyzed using techniques like chi square, pearsons correlation and multiple linear regressions. The result of the study indicates that there is significant relationship among the variables of the study.

In addition, Evans, Bridson & Mavondo (2011) empirically examined the link that exists between customer satisfaction and corporate image in the leisure services sector. The data of the study were collected from 195 respondents who visited the zoological garden in Australia. Having performed confirmatory factor analysis through multiple regressions and structural equation modeling, it was revealed that corporate image significantly influenced customer satisfaction. The practical implication of the study suggests that the service provider must give priority to their strong and clear image in order to ensure customer satisfaction.

The study further asserts that for corporate image to be used for the enhancement of customer satisfaction, organizations must pay attention to the issues of mission, modernity, agreeableness, adventure and competence. It is also important that the management must monitor the manners in which employees conduct themselves with respect to their responsibilities, organizations, sincerity and sociability as such can boost the image of the company and will subsequently lead to customer satisfaction.

Moreover, Tu, Wan & Chang (2012) Survey 199 customers of Starbucks Coffee in Taipei areas with the aid of questionnaires. The data collected from this study was analyzed with Structural Equation Modeling technique having established the reliability, and validity of the instruments used. The outcome of the study which is consistent with the findings of other studies (e.g, Andreessen, Lervik & Cha, 2001; Davies, et al, 2003) indicates that corporate image has a significant impact on customer satisfaction and loyalty. The implication of the study suggests that for any organization to sustain mutually profitable and long-term relationship with customers, special focus should be paid to corporate image and its components. Achieving long term and profitable relationship will eventually lead to competitive advantage and increase in the share of market.

In addition, the study of Lai et al (2008)was carried out in order to examine the relationship that exists among corporate image, service quality, value, satisfaction, and loyalty in China. The data of the study was collected from 118 customers of mobile company in China and having performed a correlation analysis, it was revealed that corporate image among other factors significantly influenced customer satisfaction. The implication of their study suggests that since image plays a significant role in creating value and building customer satisfaction, it highly essential that management puts a serious mechanism in place that will help to monitor enhancement of image among the customers.

Moreover, Ogba & Tan (2009) in China had the objective of examining how brand image can impact customer loyalty and commitment in the mobile phone market of China. The scholars in this view conducted their study by employing 26 items based on 7 point-likert scaled questionnaires that were administered to 250 respondents. The Data of the study was eventually analyzed using correlation analysis technique for scale suitability, usability, reliability and test of association.The results of the study indicate that brand image has positive impact on customer expression of loyalty and commitment to market offering. The implication of this study suggests that managers of business organizations should continuously explore and assess the impact of brand image on the activities of their organizations in order to ensure effective and long term customers delight.

Additionally, Sondor et al (2007) conducted their study with purpose of examining the influence and benefits of brand image on satisfaction and loyalty cosmetic product industry. In this study, five benefits of brand image such as social, symbolic, functional, appearance and experiential were investigated. The outcome of the study among 97 females customers revealed that image (appearance and functional) significantly influeceloyalty intention. Further, four of the brand image benefits: social, functional, appearance enhancement and experimential are positively related to overall satisfaction. Importantly, the summary of their study indicates that overall satisfaction influences customer loyalty and which indicates that marketers should focus on the benefits of brand image in order to sustain and achieve customer loyalty. Their findings are equally applicable to the banking sector.

2.8 Trust as an Antecedent to Customer Satisfaction and Loyalty

Trust and satisfaction are very important and form the foundation of every marketing relationship (Kim 2008; Kim, Ferrin, & Rao, 2009; Morgan &Hunt 1994). Many studies have been conducted on different issues of trust in both electronic and traditional marketing relationship (Awad & Ragowsky 2008; Choudhury & Karahanna 2008; Guangquan et al. 2007; Kim et al. 2009;). In fact the agreement of many of the researchers is that for a successful relationship to be sustained, customers must develop trust in the services being rendered especially in banking where customers may have put their hard earned money in the care of the bank.

Essentially therefore, the issue of trust may be more important in banker-customer relationship than any other type of services relationship.Over the years however, several consumer marketing studies have discussed causal relationship between trust and satisfaction. The agreement of most researchers in this respect is that trust is a precursor of satisfaction (e.g, Armstrong & Yee 2001; Flaherty & Pappas 2000; Liu & Leach 2001).

The implication of this is that trust brings about satisfaction in an exchange relationship especially in banking and other virtual exchange relationship (Kim, 2012). For instance, Ratnasingham (1998) strongly argued that in order to create highly satisfied and loyal customers especially in electronic commerce, the customers must first develop trust. The argument of Ratnasingham is also in line with the positions of others who also conceptualized that trust precedes satisfaction after which loyalty can be enhanced (Chakravarty et al. 1997; Dwyer et al. 1987; Kim et al. 2009; San-Martin & Lopez-Catalan, 2013).

For instance, Sam-Martin & Lopez-Catalan (2013) conducted a study with the objective of knowing the relationship among trust (regarded as relational variable), involvement, impulsiveness, innovativeness (jointly regarded as personal variables) and satisfaction of mobile shoppers in Spain. The valid data of the study was collected from 447 respondents and were analyzed with SEM. The outcome of the study reveals that trust along other variables significantly influenced the level of satisfaction of the mobile shoppers in Spain. Practical implications of the study suggest that for customers of mobile users to be satisfied with services being rendered to them every effort should be in place to ensure that customers are involved and trust the medium of service. The findings are equally in line with the previous positions of others that maintain that trust is a corner of satisfaction since that may bring about deep involvement in buyers and sellers relationship (e.g., Wessels & Drennan, 2010)

2.9 Customer Satisfaction as an Antecedent to Customer Loyalty

Concept of marketing has been studied by several previous studies as noted above; it remains one of the subjective concepts since it has been considered from different and diverse perspectives. Importantly, the general agreement about satisfaction is that it represents either a feeling of pleasure or disappointment as a result perceived performance of a product in relation to expectations (Kotler, 2003). In this respect therefore, it can be inferred that satisfaction is akin to expectations. If customers' expectation with regards to the initial standard set is met, the customers become highly satisfied and vice-versa (Yap et al, 2012).

In measuring customer satisfaction, several and diverse scale of measurements have been used. Some studies measured satisfaction either as one-item construct or as a multi-item scale. For instance, Cronin and Taylor (1992) regarded satisfaction as a one-item construct, while Anderson and Srinivasan (2003) employed a 6-item scale in order to measure customer satisfaction. Despite the diverse opinion about the nature of satisfaction as a construct and how it should be measured, previous studies have empirically established that customer satisfaction can lead to improved performance of business organizations.

Furthermore, customer satisfaction can broadly be looked at from two perspectives of transaction-specific and overall satisfaction. A review of previous studies reveals that many of these works often concentrate on overall satisfaction which indicates either a state of dis/satisfaction with service provider consequent upon total encounters and experiences (Yap et al, 2012). For an instance, when a customer is dissatisfied with the services rendered, there is every likelihood that the customers will not make use of the service in the nearest future and may likely switch to other service providers. The case may be contrary if the customer is satisfied. Several studies have in this respect found significant and positive relationship with customer loyalty (Bloemer, 1998; Bendall-Lyon & Powers, 2003; Lam & Burton, 2006; Ball et al., 2006).

Bloemer, et al (1998) for instance investigates how satisfaction along perceived service quality, and corporate image influence customer loyalty in the retail banking sector of Netherlands by looking at it from the perspectives of global level constructs and level of constructs of dimensions. The data of the study were collected from 2500 clients of major banks through telephone interviews while multivariate regression technique was used to analyze the data. At the global level, the outcomes of the study indicate that loyalty is influenced directly and indirectly by the image of the banks through perceived service quality and satisfaction. At the dimensions level of the underlying variables, it is very obvious that dimensions of quality, image and significantly, satisfaction are very essential in the determination of customer loyalty.

The outcomes of the study seem to suggest several implications towards enhancing customer satisfaction. In the first instance, it is highly important that the banks monitor the attitude of their employees while attending to the customers in all situations as this will generate a trustworthy impression among the customers being served and this eventually lead to satisfaction and consequent loyalty. Furthermore, while banks are dialoguing with their customers, they should endeavor to make enquiries about customers' expectation with respect to service accuracy, complaint handling, and handling of suggestions, service expertise and so forth. This may impact positively on the level of satisfaction and loyalty of the customers.

In another study, Lie & Jolibert (2012), compare the models of service quality, satisfaction and loyalty in the healthcare system of Shanghai in China. The data in this study were collected from 630 public hospital patients while the data were analyzed with Structural Equation Modeling via AMOS. The finaloutcomes of the study indicate that though perceived quality is important in the service context, it does not play any role in the determination of loyalty while satisfaction is the most important significant determinant of customer loyalty in the context of the Chinese healthcare environment. The implication of the study suggests that for loyalty of patients to enhanced, management should importantly pay attention satisfaction. This implies that the measurement of patient experiences should include topics ofimportance for patients' satisfaction with health care services.

Furthermore, Arokiasamy (2013) conducted a study among the customers of banks in Malaysia with the purpose of finding out the influence of customer satisfaction on customer loyalty and intention to switch banks. The data of the study were collected within two weeks through convenient sampling from 165 customers of banks in Ipoh, Perak, Malaysia. Having subjected the collected to rigorous analysis using SPSS by running multiple regression and Pearson correlation, it was discovered that customer satisfaction has positive correlation with customer loyalty but a negative association with intention to switch. The implication of the study seems to suggest that since customer loyalty is the ultimate in the 21st century; such a milestone can only be achieved if banks go the extra mile of satisfying their customers.

Similar to the above study, Kaura (2013) conducted a study among 445 customers of banks in India with the objective of examining the influence of perceived price, service convenience, service quality and fairness on customer satisfaction. As part of the objectives of the study, the author also compared multiple regression models of the study between private and public sector bank with a view to know the impact of the antecedents of customers satisfaction of the two banks. Since the study was cross-sectional in nature, the data of the study was collected over a period of time from 445customers with the aid of questionnaires while the responses were analyzed with regression analysis technique.

The outcomes of the study indicates that the dimensions of service quality such as information technology and employee behavior have significant impact on customer satisfaction of both private and public sector bank in India.

Impliedly, the outcome of this study which is in line with the findings of previous works (e.g., Bedi, 2010) indicates the importance of positive employee behavior on customer satisfaction for both public and private sector banks. Bedi (2010) for instance discovered that human aspect of service quality such as responsiveness, assurance and reliability are paramount important in the determination of customer satisfaction in today's banking environment. Importantly, when customers discovered that they are given personal attention, they tend to develop satisfaction and continue to patronize bank services. In addition, Aaga et al, (2011) had earlier found that information technology channels such as internet and mobile banking, TM facility and other electronic banking devices have significant impact on the level of customer satisfaction and subsequent loyalty.

In another related study, Moshan et al (2011) examined the influence of customer satisfaction on customer loyalty and intentions to switch in the banking sector of Pakistan. The researchers collected their data from 120 customers and analyzed the responses with Microsoft Excel and SPSS version 16. The outcomes of the study indicate that customer satisfaction directly and significantly influences loyalty among the customers.

The result of this study which is in line with other studies (e.g, Kesiodu et al, 2013) indicates that though customer satisfaction alone cannot guarantee that customers will repeat purchases; but it does play significant role in ensuring that customers are loyal. The implication of the study therefore suggests that organizations like banks should strive to ensure that their customers are satisfied with the services been rendered in order to retain the customers. The study further emphasized that since customer loyalty and retention are the most important factors for growth and financial performance in the 21st century,banks should this as an important strategy to gain competitive advantage in today's ever-increasing competitive environment.

Additionally, Keisiodu et al (2013) carried out a study among customers of banks in Greek with the objective of identifying those factors that can influence satisfaction and loyalty and subsequently the financial performance. In doing this study a number of predictors such economics, tangibles, commerce, functional quality, service quality, relational quality, image, value and brand credibility were considered. The data of the study were collected from 304 customers operating different types of accounts, analyzed with Structural Equation Modeling and it was discovered that customer satisfaction positively relates to customer loyalty. However, the result of the study further reveals that neither customer satisfaction nor loyalty has a significant influence on the financial performance of banks, while the remaining factors have indicated unprecedented results.
The practical implication of the study seems to suggest that bankers should always give priority to customer satisfaction by constituting effective listening habit and subsequently create services and products that will fulfill the needs of customers.

In addition to the above, research by Kandampully & Suhartanto (2000) in the hotel industry also found a significant and positive influence of customer satisfaction on customer loyalty. This also tallies with the outcome of online customers study conducted by Yang & Peterson (2004) and which indicates that customers can become loyal through improved satisfaction. The similar study which was also conducted by Lam et al (2004) gives credence to the previous studies by confirming that in a B2B context, there is a significant positive relationship between customer satisfaction and customer loyalty(Tarus & Rabach, 2011).

In addition, the study of Chodaza & Gombachika (2013) assesses the link that exists between customer loyalty, customer satisfaction and service quality among customers of public electricity utility organization in Malawi. The data of the study were collected from 92 sampled respondents through a pre-tested questionnaire of multi-item and SERVQUAL scales with the purpose of measuring effect of customer satisfaction on loyalty. The outcomes of the study suggest that demographic characteristics of the customers do not determine how they perceived service quality. However, the results of the study propose that service quality strongly relates to customer satisfaction and subsequently to loyalty. Furthermore, the study also found that customer satisfaction partially mediates between service quality and customer loyalty.

2.10 Chapter Summary

This chapter reviews past customer loyalty literature. Specifically, it does detail discussions of customer loyalty antecedents by reviewing the concepts of corporate image, trust, and service quality. Beside, the chapter also brieflyreviews the history banking generally in Libya and its recent outlook.

CHAPTER 3

METHODOLOGY

3.0 Introduction

The previous chapter reviews related literature and defines all the constructs of this study. This chapter covers the research methodology that consists of research design, hypotheses and research methodology.

3.1 Research Design

The research design serves as a road map to the entire project as it provides guide on how the research questions will be answered (Saunders, Lewis & Thornhill, 2007). It does provide comprehensive steps to be followed in the research as it sheds light on hypotheses formulation, population of the study, unit of analysis, data collection procedure and data analysis strategy.

This study shall use both explanatory and descriptive survey design. In doing so, hypotheses shall be formulated while survey shall be used in determining the interrelationships and distribution among the constructs of this study. Bearing in mind that this study is focusing on the perception about customer loyalty and its antecedents in the banking sector, it will be appropriate to use survey method to accomplish the objective of the study.

3.2 Population and sample of the study

Population refers to the complete collection of items, data, or individual under consideration in a study (Mathora, 2012). The part of the population that is selected for analysis of the study is called sample (Stephens, 2006). The population of this study is therefore all the customers of 10 commercial banks in Libya. However, for effectiveness and time frame of this study, a representative sample shall be chosen for the study. The sample of individual customers that shall be chosen shall form the unit of analysis of this study.

Based on sample frame, the population of commercial banks customers in Missurata, Libya is 16000. Using Krejcie and Morgan (1970) table therefore the sample size is 375 customers. However, to reduce sample size error and also to take care of the non-response problem, the sample size was increased to 500 (Hair, Wolfinbarger, & Ortinau, 2008).

3.3 Procedure for Data Collection

In collecting the data of this study, questionnaire were designed and be distributed to the respondents. In order to effectively distribute the questionnaires, the researcher collected letter of introduction from UUM to all the affected banks for the purpose of seeking their assistance in order to get the cooperation of customers.

3.4 Strategy for Data Analysis

In order to analyze the data that of this study, the researcher used Statistical Package for the Social Science (SPSS 20.0) and this implies that all necessary coding was done before entering the data into the computer while Cronbach's alpha coefficients was computed in order to confirm the reliability of the instruments. Given the fact that this study is investigating the influence of service quality, corporate image, trust, and satisfaction on the customer loyalty, the hypothesized relationship among the variables as conceptualized in the framework was established. This was made possible as various methods such as reliability test, correlation analysis and linear regression analysis were conducted.

3.5 Variable Measurement

The purpose of this section is to operationalize the variables of the study. This allows all the constructs to be defined clearly and operationalized (Sekaran & Bougie, 2010). Importantly, all the variables measurements are adapted from previous studies. The variables of this study are: service quality, corporate image, trust, and customer loyalty. In order to appropriately measure the variables of the study therefore, 7 point likert scale shall be used. The use of 7-point likert scale is deemed appropriate since it has the ability to enhance the reliability of measures (Churchill & Peter, 1984).

Table 3.1
Measurement and Conceptualization of variables

Variable	Conceptual definition	Measurement items	No of items	Source (s)
Customer Loyalty	Customer loyalty is a genuinely held commitment to continue to buy or re-patronize same product or service that is preferred consistently in the future in spite of alternative offers and other distractions that can cause switching behavior.	I use my bank only for all my financial transactions I will continue to use my bank in the future I have never thought of changing my bank I will continue to say positive things about my bank to others I would continue to recommend my bank to all my friends and colleagues	5	Caruana, 2002; Marzocchi, et al., 2013
Service quality	The extent to which a service or product makes provision for customers requirements and how such requirements are subsequently met	My bank has all the physical facilities to serve the customers My bank always show sincere interest in solving my transactions problem My bank performs service right the	7	Ravichandra et al (2010)

		first time Internet service of my bank is always prompt and effective The employees of my bank are always willing to assist customers The employees of my bank always appear neat The error rate of my bank is very low		
Corporate Image	The total cognitive impression created in the minds of consumers	My bank has good corporate image among other banks My friends and relatives have good perceptions about my bank The image of my bank is very desirable My bank and its staff are known for service reputation My bank is reliable for its promises	5	Ad-El-Salam et al., 2013
Trust	The perception and confidence of security that the bank or its representative will perform or act in such a	My bank is a trustworthy bank My bank always fulfill its promises I have confidence	6	Ndubisi & Wah (2005)

	way that it will not jeopardize the interest of the customers.	that all my transactions are safe with my bank I believe that all my deposits are safe with my bank My bank will not share my personal information with unauthorized party I am confident that my bank offers the latest technology to stop unauthorized intrusion		
Satisfaction	The evaluation done by the consumers with respect to the perceived difference between expectations and actual service performance (Oliver, 1980)	My bank provides me with satisfactory services My expectations with my banks are always met I have always had great experiences with my bank My bank and its staff always treat me fairly I am happy transaction with my bank than any other bank	5	Hau & Ngo (2012)

3.6 Research Framework

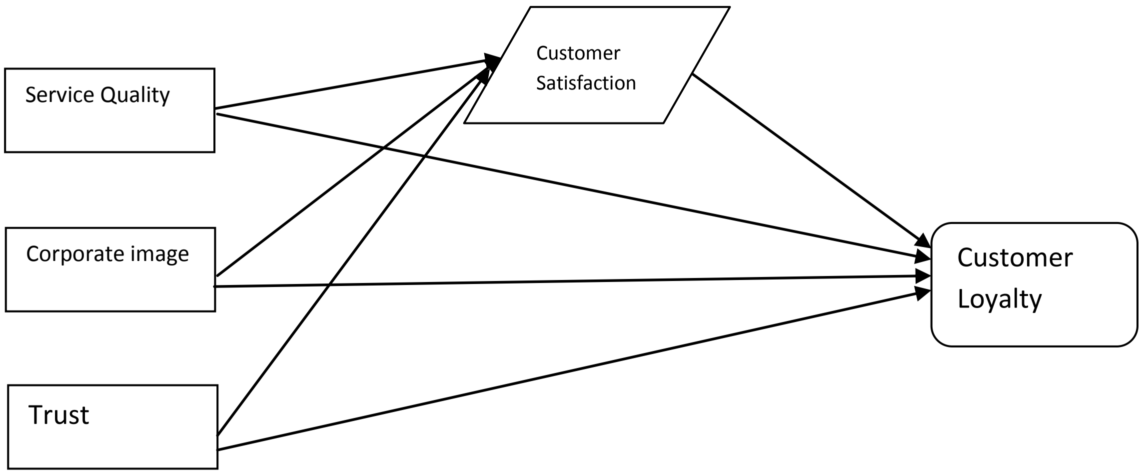

Figure 3.1

Conceptual Framework

3.7 Hypotheses Formulation

Based on the research questions, research objectives and subsequent operationalizations of variables, the following hypotheses are hereby formulated:

H1: Service quality has positive influence on customer loyalty

H2: Corporate Image has positive influence on customer loyalty

H3: Trust has positive influence on customer loyalty

H4: Customer satisfaction positively mediates between service quality and customer loyalty

H5:Customer satisfaction positively mediates between corporate image and customer loyalty

H6: Customer satisfaction positively mediates between trust and customer loyalty

3.8 Chapter Summary

This chapter presents the research methodology and it discusses, research design, population and sample of the study, procedure for collection of data , strategy for data analysis, variable measurement, research framework and hypotheses formulation. The next chapter which is chapter shall present the findings of the study.

CHAPTER 4

FINDINGS

4.0 Introduction

The primary purpose of this chapter is to present comprehensive analysis of the findings of the data that were obtained through questionnaire designs. Specifically, the chapter presents key findings from the survey response analysis, respondents and their demographic information, measures of validity and reliability, and detailed results from the hypotheses testing.

4.1 Profile of the Respondents

In order to collect data of the study, questionnaires were distributed to 500 customers of selected commercial banks in Missurata in Libya. However, only 384 questionnaires were received back out of which only 375 were valid. The respondents comprise of 278 (74.1%) male and 97 female representing 25.9% of the respondents. Based on the age status of the respondents, 158 (42.2%) are within the age of 18-25, 138(36.7%) are within the age of 26-35, 56 (15%) are within the age of 36 and 45, 15 (4.1%) are within the age 46 and 55 while 8 (2%) are above 55 years of age.

The marital status of the respondents also reveal that 61(16.30%) of the respondents are single, 217(57.8%) of the respondents are married while 97(25.9%) of the respondents are widowed. With respect to the educational qualification, 3(0.7%) of the respondents holds primary school certificate, 71(19%) holds diploma certificate, 117(31.30%) hold bachelor degree, 174(46.30%) hold Master degree while 10(2.7%) hold Doctorate degree. Furthermore, 87(23.1%) of the respondents have less than one year banking experience with their banks, 143(38.1%) have between 1 and 5 years, 3(.70%)) has between 6 and 10 years banking experience, 125 (33.3) has 11-20 years experience while 18 (4.8%) has 20 years above banking experience. In addition, 71 (19%) of the respondents are self-employed, 179 (47.6%) work for government while 125 (33.3%) are in the private sector.

Table 4.1
Profiles of Respondents (N=375)

Variable	Frequency	Percent
Gender:		
Male	278	74.1
Female	97	25.9
Age:		
18-25	158	42.20
26-35	138	36.70
36-45	56	15.00
46-55	15	4.10
Above 55	8	2.00
Marital Status:		
Single	61	16.30
Married	217	57.80
Widowed	97	25.90
Highest Education Qualification		
Primary Education	3	0.70
Diploma		
Bachelors Degree	71	19.00
Master Degree	117	31.30
Doctorate Degree	174	46.30
	10	2.70
Year of Banking Experience		
Less than 1 year	87	23.10
Between 1 and 5 years	143	38.10
Between 6 and 10 years	3	0.70
Between 11 and 20 years	125	33.30
20 years and above	18	4.80
Type of Account		
Savings	250	66.70

Current	110	29.30
Deposit	8	2.0
Domiciliary	7	2.0
Type of Occupation:		
Self Employed	71	19.00
Government Employee	179	47.60
Private Company	125	33.30

4.2 Descriptive Frequency of Variable

Descriptive statistics like mean and percentage is used to measure the percentage of constructs and is also used to describe the mean of dependent, mediating and independent variables. Table 4.2 below shows the descriptive statistics of the constructs of this study:

Table 4.2
Descriptive Statistics of Variables

	Name of Constructs	No of Items	Mean	Std. Deviation
Y	Customer Loyalty	5	4.91	1.12
M	Customer Satisfaction	5	4.70	1.06
X1	Service Quality	7	4.95	1.20
X2	Corporate Image	7	4.80	1.14
X3	Trust	6	4.71	1.03
	Total	29		

Key: Y= Dependent Variable, M= Mediator and X=Independent Variables

Table 4.3
Reliability Statistic of Customer Loyalty (N=375)

Items	Cronbach’s Alpha
CL1	0.779
CL2	0.704
CL3	0.625
CL4	0.625
CL5	0.700
CUSTOMER LOYALTY	0.741

In addition, a test was also carried out with a view to measure the reliability of other measures. Cronbach's alpha of .86, .81, .72 were obtained for service quality, corporate image, satisfaction and trust respectively as shown in Tables 4.4, 4.5,4.6 and 4,7 respectively. The threshold is acceptable since Crobanch's alpha coefficient of .70 or higher is acceptable (Canavan, Delahaye & Sekaran, 2000; Pallant, 2011) while some scholars are of the position that 0.6 and above can also be considered. Accordingly, tables 4.4, 4.5, 4.6 and 4.7 show the cronbach's alpha of all other constructs indicating that they are all reliable.

Table 4.4
Reliability Statistic of Service Quality (N=375)

Items	Cronbach's Alpha
SQ1	0.822
SQ2	0.823
SQ3	0.851
SQ4	0.842
SQ5	0.851
SQ6	0.853
SQ7	0.854
SERVICE QUALITY	0.860

Table 4.5
Reliability Statistic of Corporate Image (N=375)

Items	Cronbach's Alpha
CI1	0.795
CI2	0.720
CI3	0.753
C14	0.755
CI5	0.785
CI6	0.837
CORPORATE IMAGE	0.808

Table 4.6
Reliability Statistic of Trust (N=375)

Items	Cronbach's Alpha
TR1	0.673
TR2	0.845
TR3	0.665
TR4	0.543
TR5	0.686
TR6	0.577
TRUST	0.724

Table 4.7
Reliability Statistic of Satisfaction (N=375)

Items	Cronbach's Alpha
ST1	0.674
ST2	0.696
ST3	0.711
ST4	0.688
ST5	0.759
SATISFACTION	0.751

Accordingly, all the items shown in the above table indicate all items are unidimensional in measuring the concept. This therefore indicates that the reliability of the measures that is used in this study is considered to consistent internally. Summarily, this study thereby confirms that all the measurement items exhibited high reliabilities since the cronbach's alpha coefficients of all the items range between .741 and .808 and even exceeded the acceptable threshold of 0.70 (Cohen, 1988)

4.3 Correlation among Variables

Correlation analysis tends to describe the direction and strength of linear relationship or association that exists between two variables (Pallant, 2011). It is a bivariate measure of association (strength) of the relationship between the variables. The relationship can be positive (+), negative (-), or zeo (random relationship (Pallant, 2011, Hair et al., 2006). The positive correlates indicate that as one variable increases, the other is also affected. On the other hand, negative relationship signifies that as one variable decreases the other variable does too while zero relationship indicates a random relationship.

Table 4.1
Correlation among variables

	Customer Loyalty	Service Quality	Corporate Image	Trust	Satisfaction
Customer loyalty	1	.664**	.535**	.544**	.720**
Service Quality	.664**	1	.885**	.754**	.634**
Corporate Image	.535**	.885**	1	.744**	.551**
Trust	.544**	.754**	.744**	1	.741**
Satisfaction	.720**	.634**	.551**	.741**	1

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

Thus, Table 4.8 above reveals the strength of correlation among the variables. Importantly, it shows that service quality (.664), corporate image (.535), trust (.544) and satisfaction (.720) positive correlate to customer loyalty. Pearson's r^2 is the percent of variation in the dependent variable as explained by independent and mediating variables when the later are allowed to vary. However, a rule of thumb indicates a high level multicollinearity occurs if we have a correlation that is greater than .90 in the correlation matrix box (Hair et al, 2006).

4.4 Results of Hypothesis Testing

4.4.1 Linear regression between service quality and customer loyalty (Hypothesis 1)

In determining the influence of service quality on customer loyalty, a linear regression analysis was performed. The result of the regression as shown in table 4.9 below shows a positive relationship between the two variables at 0.00 level. The R^2value of 0.44 indicates that 44% of the change in customer loyalty is predicted by service quality regression equation while 56% is not explained accordingly. The results shown in Table 4.9 show that with F value of 114.21, $p<.000$ the results are significant. Therefore, the table 4.9 below shows equation between service quality and customer loyalty and can be stated as: Customer Loyalty= 1.840 + 0.620 Service Quality + e

Table 4.2

Linear Regression between Service Quality and Customer Loyalty

Variable	**B**	**β**
Service Quality	0.620	.664

Note: $R^2$0.441; F=114.206; Sig. F=.000***; (P<.000)
B=Unstandardized coefficient beta
Β=Beta coefficient

4.4.2 Linear regression between Corporate Image and Customer Loyalty(Hypothesis 2)

Linear regression analysis was also employed to determine the level of relationship between Corporate Image and Customer loyalty. The result of the regression as shown in the table 4.10 shows that the two variables are positively related at the significance level of 0.000. $R^2$of 0.286 also signifies that 28.6% of the cases or change in Customer loyalty is correctly predicted by the regression while 71.40% is not predicted. The results shown in Table 4.10 show that with F value of 58.219, p<.000 the results are significant. Therefore, the table 4.10 below shows equation between Corporate Image and customer loyalty and can be stated as: Customer Loyalty= 2.380 + 0.526 Corporate Image + e

Table 4.3

Linear Regression between Corporate Image and Customer Loyalty

Variable	B	β
Corporate Image	.526	.535

Note: $R^2$0.286; F=58.219; Sig. F=.000***; (P<.000)
B=Unstandardized coefficient beta
β=Beta coefficient

4.4.3 Linear regression between trust and customer loyalty (Hypothesis 3)

Linear regression analysis was also employed to determine the level of relationship between Trust and Customer loyalty. The result of the regression as shown in the table 4.11 shows that the two variables are positively related at the significance level of 0.000. $R^2$of 0.296 also signifies that 29.6% of the cases or change in Customer loyalty is correctly predicted by the Trust while 70.40% is not predicted. The results shown in Table 4.11 show that with F value of 60.834, p<.000 the results are significant. Therefore, the table 4.11 below shows equation between Corporate Image and customer loyalty and can be stated as: Customer Loyalty= 2.119 + 0.592 Trust + e

Table 4.4

Linear Regression between Trust and Customer Loyalty

Variable	B	β
Trust	.592	.544

Note: $R^2$0.296; F=60.834; Sig. F=.000***; (P<.000)
B=Unstandardized coefficient beta
β =Beta coefficient

4.4.4 The mediating effect of customer satisfaction between service quality and customer loyalty (Hypothesis 4)

To check for the existence of the mediation effect in the model of the study, four conditions must be met (Baron & Kenny, 1986). First, the predictor variables must significantly influence the mediating variable. Second, the mediator must significantly impact the dependent variable. Third, the predictor should significantly influence the dependent variable. Fourth, the influence of the predictor should not be significant for a full mediation to occur or its strength should be reduced (for partial mediation) after the mediating variable must have controlled.

In order to determine the mediating effect of satisfaction between three independent variables (service quality, corporate image, and trust) and dependent variable (customer loyalty), hierarchical regression was performed. For instance, in order to test the mediating effect of satisfaction between service quality and customer loyalty, four regression models were tested. The first model treats Customer Loyalty as dependent variable and Service Quality as independent variable. The second Model treats satisfaction as dependent variable and Service Quality as independent variable. The third model treats customer loyalty as dependent variable and satisfaction as independent variable. The fourth model treats customer loyalty as dependent variable and service quality and satisfaction as independent variable jointly.

Accordingly, Table 4.12 below based on hierarchical regression shows that in model 1, Service Quality significantly influences customer loyalty at t value of 10.69 ($P<.000$).In model 2 Service Quality significantly influences Satisfaction at t value of 12.47 ($P<.000$) while in model 3 satisfaction significantly influences customer loyalty at t value of 5.03 ($P<.000$). This therefore indicates that models 1, 2 and 3 meet the first three conditions of Baron & Kenny and which therefore requires for a full mediation or partial mediation of mediating variable to be tested. As indicated in the model 4 therefore, satisfaction partially mediates between service quality and customer loyalty at t value of 7.242

(P<.0000)since the value of service quality in model 1 has largely reduced from 10.69 to 5.03 in model 4.

Table 4.5

Model 1: Regression Analysis Results showing relationship between service quality and customer loyalty

	Customer loyalty (Dependent Variable)		
	Beta	t	sig
Service Quality	.620	10.69	.000

Table 4.6

Model 2: Regression Analysis Results showing relationship between service quality and Satisfaction

	Satisfaction (Dependent Variable)		
	Beta	t	sig
Service Quality	.561	12.47	.000

Table 4.7

Model 3: Regression Analysis Results showing relationship between Satisfaction and customer loyalty

	Customer Loyalty (Dependent Variable)		
	Beta	t	sig
Satisfaction	.324	5.03	.000

Table 4.8

Model 4: Multiple Regression Analysis Results showing relationship between service quality and satisfaction (predictor) and Satisfaction (Dependent variable)

	Customer Loyalty (Dependent Variable)		
	Beta	t	sig
Service quality	.324	5.03	.000
Satisfaction	.527	7.242	.000

4.4.5 The mediating effect customer satisfaction between corporate image and customer loyal(Hypothesis 5)

In order to determine the mediating effect of satisfaction between corporate image and variables customer loyalty, hierarchical regression was also performed. In this instance too, four regression models were also tested. The first model treats Customer Loyalty as dependent variable and corporate image as independent variable. The second Model treats satisfaction as dependent variable and corporate image as independent variable. The third model treats customer loyalty as dependent variable and satisfaction as independent variable. The fourth model treats customer loyalty as dependent variable corporate image and satisfaction as independent variable jointly.

Accordingly, Model 1a in Table 4.13 below based on the result of hierarchical regression, shows that Corporate Image (predictor) has significant influence on customer loyalty (dependent variable) at t value of 7.360 (P<.000). Model 2b in Table 4.14 shows that Corporate Image significantly influences Satisfaction at t value of 7.951 (P<.0000) while Model 3a in Table 4.15 at t value of 12.478 (P<.000) shows that satisfaction significantly influences customer loyalty. This therefore indicates that models 1a, 2a and 3a meet the first three conditions of Baron and Kenny (1986) and which therefore requires for a full mediation or partial mediation to be tested. As indicated in the model 4a therefore, satisfaction partially mediates between Corporate Imageand customer loyalty at t value of 9.058 (P<.0000)since Corporate Image is still significant at a reduced t value of 2.959 (P<.004) when compared with t value of 7.630 of Model 1.

Table 4.9
Model 1a: Regression Analysis Results showing relationship between corporate image and customer loyalty

	Customer loyalty (Dependent Variable)		
	Beta	t	Sig
Corporate Image	.526	7.630	.000

Table 4.10
Model 2a: Regression Analysis Results showing relationship between corporate image and satisfaction

	satisfaction (Dependent Variable)		
	Beta	t	Sig
Corporate Image	.514	7.951	.000

Table 4.11
Model 3a: Regression Analysis Results showing relationship between satisfaction and customer loyalty

	Customer Loyalty (Dependent Variable)		
	Beta	t	Sig
Satisfaction	.759	12.478	.000

Table 4.12
Model 4a: Multiple Regression Analysis Results showing relationship between corporate image, satisfaction and customer loyalty

	Customer Loyalty (Dependent Variable)		
	Beta	t	sig
Corporate Image	.196	2.959	.004
satisfaction		9.058	.000

4.4.6 The mediating effect of customer satisfaction between Trust and customer loyalty (Hypothesis 6)

In order to determine the mediating effect of satisfaction between trust and customer loyalty, hierarchical regression was also performed. Accordingly, four regression models were also tested. The first model also treats Customer Loyalty as dependent variable and trust as independent variable. The second Model treats satisfaction as dependent variable and trust as independent variable. The third model treats customer loyalty as dependent variable and satisfaction as independent variable. The fourth model treats customer loyalty as dependent variable while trust and satisfaction are jointly treated as independent variables.

Consequently, Table 4.14 below also shows that in model 1bTrust (predictor) has significant influence on customer loyalty (dependent variable) at t value of 7.80 (P<.0000). In Model 2b,Trust significantly influences Satisfaction at t value 13.25 (P<.0000). In model 3b, satisfaction significantly influences customer loyalty at t value of 12.48 (P<.0000). This therefore indicates that models 1b, 2b and 3b meet the first three conditions of Baron and Kenny and which therefore requires for a full mediation or partial mediation variable to be tested. As indicated in the model 4b below therefore, satisfaction fully mediates between Trust and customer loyalty at t value of 8.153 (P<.0000) since trust is insignificant at t value of .265 (.791).

Table 4.13
Model 1b: Regression Analysis Results showing relationship between Trust image and customer loyalty

	Customer loyalty (Dependent Variable)		
	Beta	t	Sig
Trust	.592	7.80	.000

Table 4.14
Model 2b: Regression Analysis Results showing relationship between corporate image and customer loyalty

	Satisfaction (Dependent Variable)		
	Beta	t	Sig
Trust	.765	13.295	.000

Table 4.15

Model 3b: Regression Analysis Results showing relationship between satisfaction and customer loyalty

	Customer loyalty (Dependent Variable)		
	Beta	t	Sig
satisfaction	.759	12.48	.000

Table 4.16

Model 4b: Regression Analysis Results showing relationship between Trust, satisfaction and customer loyalty

	Customer Loyalty (Dependent Variable)		
	Beta	t	sig
Trust	.025	.265	.791
satisfaction	.741	8.153	.000

CHAPTER 5

DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

In the previous chapter, the results and analyses of the data of the study were presented. This chapter covers recapitulations, discussion and summary of the empirical result, as well as the practical and theoretical implications, limitations and recommendation for further research.

5.1 Recapitulation

Based on the review of previous studies on customer loyalty generally and in particular the banking industry, the objectives of this were formulated. Importantly, this study has four objectives. The first objective is to determine the relationships that exist among service quality, customer satisfaction and customer loyalty in the banking sector of Libya. The second objective is to determine the relationships that exist among corporate image, customer satisfaction and customer loyalty in the banking sector of Libya. The third objective is also set to determine the relationships that exist among trust, customer satisfaction and customer loyalty in the banking sector of Libya. The last objective is to determine whether satisfaction mediates among service quality, corporate image, trust and customer loyalty in the banking sector of Libya.

A quick recapitulation of the objectives of this study has shown that this study was embarked upon for the purpose of answering four research questions which include: (1) what are the relationships among service quality, customer satisfaction and customer loyalty in the banking sector of Libya? (2) What are the relationship among corporate image, customer satisfaction and customer loyalty in the banking sector of Libya? (3) What are the relationships among trust, customer satisfaction and customer loyalty in the banking sector of Libya? (4) Does customer satisfaction mediate among service quality, corporate image, trust and customer loyalty in the banking sector of Libya?

5.2 Discussion of relationship between independent variables and dependent variable

As initially indicated in the previous chapter, the data of this study were collected from customers of commercial banks in Libya through administration of questionnaires survey. In order to ensure the generalization and of the findings of this research, 375 questionnaires were distributed to customers of banks in the Missurata city of Libya. This method is quite common among marketing research behavioral studies (e.g, Ndubisi & Sinti, 2006). From this number, only 153 questionnaires were returned out of which 5 were not used because they were not properly filled. In this regard therefore, the numbers of usable questionnaires were 375 and this constitute 39.2% response rate.

In order to answer the research questions for the purpose of achieving the objectives of the study, SPSS version 20.0 was used to analyze the data of the study.The essence of this is to test to the hypothesized relationships in conceptual model of the study. Importantly, this study adopts 0.05 as level of significance at which the hypotheses of the study will either be accepted or rejected.

In an attempt to answer the first research question, a regression analysis was run and it was found that the first independent variable (i.e., Service Quality) positively relates customer loyalty at 0.00 level with R^2value of 0.44. This therefore makes the first hypothesized relationship under the research question to be accepted. In line with similar studies (see e.g. Lewis & Soureli, 2006; Wong & Sohal, 2003), service quality in this study is also positively related to customer loyalty since it is very critical to customers.

Most importantly, in the banking industry, the nature of service being rendered to the customer is expected to be of high quality in terms of responsiveness, effective physical facilities, sincere interest in solving customers problem, getting the service right the first time, employees neatness and willingness to assist and reduction in the rate of error. It is therefore important to argue that the initial choice and continued patronage by customers may be strongly influenced by quality of service rendered.

Importantly, the results of this study also align with the observations made by previous studies in the banking industry. Various regression models of this study have confirmed that when service quality is improved, the rate of customer satisfaction will increase and subsequently loyalty will be sustained (Gil, Berenguer & Cervera, 2007; Petruzzellis, D’uggento & Romanazzi, 2006). These studies have revealed that the nature of services rendered to customers in the banking sector significantly and directly influence the ways in which the customers perceived the value of the service they are receiving and which will affect their level of satisfaction (Gil et al., 2007).

In fact, Petruzzellis et al,(2006) asserts that the higher the customers perceived the quality of service they receive the more satisfied and loyal the customers they will be. This is most important in the contemporary where the competition is very stiff among the banking institution and where a line of distinction is hardly drawn in the nature of services being rendered by the banks. The banks need to focus on the quality of the services they are rendering to clients

Furthermore, in answering research question two, it was also realized that the result of the regression analysis shows that the corporate image positively relates to customer loyalty at the significance level of 0.000 at $R^2$of 0.286. This makes the second hypothesized relationships to be supported. This implies that corporate image is an important variable that determines the level of loyalty in the banking sector. It therefore suggests that when a bank has good image among other banks, perceptions which other people hold, desirability of staff and when the bank keeps its promises will keep the customers coming back. This finding is in line with other studies that also found that corporate image is an important determinant of customer loyalty, especially in the banking sector.

For research question three, this study found that trust positively relates to loyalty through regression analysis at 0.000 of $R^2$of 0.296. This practically implies that trust as a variable can lead to loyalty when the customer is assured that all transactions including deposits are secured, that the bank has the latest technology to prevent intruders into personal information and when the bank fulfils it promises according to the service agreement. Previous studies have equally established that since customers.

5.3 Discussion of the relationship of mediating effect of satisfaction between independent and dependent variables

Basically there are three hypothesized mediating effect relationship in this study. The first mediating hypothesis tests the effect of satisfaction between service quality and loyalty. Based on the research questions and hypothesis 4 therefore, hierarchical regression was performed and it was discovered that satisfaction in this relationship partially mediates in the relationship at t value of .7242 (P<.0000). This is in line with the findings of Rahim et al. (2010), Santouridis & Trivellas(2010) and Caceres &Paparoidamis (2007).

This importantly implies that service quality effect can be enhanced through customer satisfaction in order to generate customer loyalty by ensuring that bank management put all mechanisms in place that will boost level of satisfaction of customers through provision of high quality service through responsiveness, availability of physical facilities, sincere interest in solving customers problem and so on. This finding is very important and has diagnostic value since it can help management to identify areas where they must direct the bank resources towards achieving their overall goal.

Furthermore, research questions and hypothesis are meant to test the mediating effect of satisfaction on the relationship between corporate image and customer loyalty. Based on this, hierarchical regression was also performed and it was discovered that satisfaction in this relationship also partially mediates at t value of 9.058 ($P<.0000$). Previous studies such as (Sondoh, et al, 2007) also found partial mediating effect of satisfaction between corporate image and customer loyalty.

Sondoh et al (2007) found that image has both indirect and direct influence on loyalty through overall customer's satisfaction, thereby supporting a partial mediation in the relationship in cosmetic industry. The results of their study indicate that in order to improve the rate of customer satisfaction and subsequent loyalty, marketers should work on the image of their company by putting specific branding appealing strategy in place that will ensure that the brand they offer is capable of solving the actual problems of the customers and this will make the customers to develop a long lasting impression, satisfaction and loyalty.

Furthermore, hypothesis six is also meant to test the mediating effect of satisfaction between trust and customer loyalty. In this clime, the result of the hierarchical regression that was performed revealed that satisfaction in this relationship fully mediates at t value of 8.153 ($P<.0000$) since trust is no more significant at t value of .265($p<.791$). Previous studies such as (Kim, 2013) also found full mediating effect of satisfaction between trust and customer intention to repurchase in an online study. The implication of this in general is that the more the consumers trust service provider, the more they will develop satisfaction with the satisfaction been rendered to them. Importantly when this happens, future intention will be generated and loyalty guaranteed. The same position was also found by Kim et al (2009) when they found that trust directly and indirectly influences decision of consumer to purchase and loyalty through satisfaction.

5.4 Conclusions

This study assessed the relationship that exists between service quality, corporate image, trust, and customer loyalty with satisfaction playing a mediating role in the banking sector of Libya. In doing so, the study employed correlation and regression analyses. The findings of the study as demonstrated by the outcomes of the hypotheses tested revealed that loyalty is influenced by all the independent variables of the study through mediating effect at varying degrees. Most importantly, the findings suggest a very strong relationshipbetween customer loyalty, service quality, corporate image and trust among the banks customers of Libya. The level of mediation of customer satisfaction in the relationship between service quality, corporate image and loyalty was partial while that of trust and customer loyalty was a full mediation.

The findings of the study have several implications for both practicing bankers and their customers. On the part of the bankers, the findings are useful instruments that can be employed to identify the profiles of customers with respect to what keeps them loyal by putting in place the right marketing efforts through which service quality can be enhanced, keep the right image of the bank and develop trust among the customers. Previous studies have shown that customers are bound to be loyal when they enjoy high quality service, when the image of their bank can be associated with and when they can rely on the promises of their bank. Hence, banks should concentrate on building high level trust with their customers. Since commercial service is highly significant in the contemporary business world, it is therefore important for banks to develop relevant strategies through which they can train their officers towards delivering excellent service that will help to elevate customer satisfaction and subsequently loyalty.

On the part of the customer, this study has also confirmed that studying their behavior in order to improve the nature of service being rendered is very significant.The implication in this part suggests that to gain the loyalty of the customer, bank management must make efforts to satisfy them. This milestone can be achieved when the needs of the customers are discovered and every tool is put in place to get the needs satisfied. Kotler et al (2003) for instance assert that customer satisfaction is dependent on service performance while service performance depends on customers' needs and expectations (Ehigie, 2006). Evidently, increased in the level of customer loyalty has been regarded as the only and most significant tool that can derive long-term financial performances and service quality, corporate image, trust and satisfaction have been demonstrated as essential keys that can derive it.

5.5 Limitations of the study

This study just like others has some limitations that must be recognized while interpreting it's and applying its result. The data of this study was collected from customers of banks that are located in Misurata city of Libya due to the warring and unrest in other locations. Future studies could cover a wider area subject to calmness and tranquility that may ensue in the future time.

5.6 Recommendations

In the light of the findings of this study, it is essential to make some recommendations with the purpose of improving customer loyalty. Thus, the researcher recommends the following:

1. The variables used in predicting loyalty in this study is very limited and not exhaustive. Therefore, future researchers can consider other correlates of antecedents of customer loyalty in the banking industry and come up with a conceptual model that can be used to describe the relationships among the variables. Additionally, the findings of this study cannot be generalized to other banking studies, or financial services, in other environment which the culture may be differed. In this clime therefore, future researcherscan replicate the present study with other banking or financial services in other country with different culture.

2. In addition to the above, this study focused on general banking services, future researchers could conduct studies that test the loyalty of customers with regardsto specific or each bank product or service such as savings, current, electronic banking, domiciliary account and so forth instead of combining all the services as it is done in this case.
3. The number of samples used for this study is very small, it is therefore recommended for future researcher to a larger sample upon which generalization can be made.

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