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Achieving Customer Loyalty Through Dimensions of Service Quality

Raheem Sharrad Amer[a], [a]The University of Mustanisirya /College of Administration & Economics, Email: [a]dr_raheem_sh@uomustansiriyah.edu.iq

This study aims to identify the diagnosis of the relationship between dimensions of service quality and its role in achieving customer loyalty using an exploratory and analytical study of a sample from Al-Rafidain and Al-Rasheed banks. Many banking organisations have realised that customer loyalty gives them a strong justification for survival and growth, so their inability to achieve that loyalty may make them unable to continue and compete for a long time, especially in light of current challenges, as competition is the main feature in global trade. As a result of these challenges, banking organisations have to consider the philosophy of customer loyalty that achieves a competitive advantage, which contributes to achieving high levels of profitability. The study community was identified and identified within the framework of banking organisations. A number of Al-Rafidain and Al-Rasheed branches were identified in the capital, Baghdad, as the community for conducting the study, from which a random sample of clients was chosen. One hundred people were surveyed by questionnaire, designed to accord with the standard scientific requirements and conditions, with the necessary honesty and reliability tests. In addition, a number of non-parametric statistical tools that suit descriptive study variables were used for data collection, analysis and statistical treatment, with the help of ready statistical programs (SPSS). Establishing an appropriate arrangement for the dimensions of quality of service in alignment with the determinants of customer loyalty, contributes significantly to achieving the possibility of providing appropriate quality services that meet the needs and tastes of customers. The current study concludes that the policies adopted by banking organisations for each of the variables of quality have been clearly reflected in the level of quality of the service provided, with a case of relative difference in the impact of quality variables.

Key words: *Dimensions of service quality, customer loyalty, Rafidain and Al-Rasheed bank branches.*

Introduction

Banking organisations have witnessed a competitive expansion and development that has encouraged private sector investment, as various countries consider it a major target for their urgent need for financial services, because they are affected and affect in the economic and social fields. This has required improving the level and quality of financial services in light of the needs of the market (customers) and the capabilities of banking organisations to secure their requirements for the privacy of their activities (accuracy, speed, confidence and care). Providing optimal levels of service performance in the banking sector, so that the removal of quality of service and its effects on customer loyalty also included giving behavioural impressions of banking organisations on the results of the integrative relationship between dimensions of service quality and customer loyalty and their diagnosis in the research banking organisations. This study attempts to provide a theoretical framework supported by digital indicators linking some dimensions of service quality and customer loyalty; and to lay down the applied foundations that banking organisations can base the research community on. It also demonstrates the importance of research that highlights the degree of impact of the quality of service on customer loyalty.

Study Methodology

First: The Study Problem

In spite of the many attempts to raise the efficiency of banking organisations in the performance of their service to customers, they still suffer from a failure to keep pace with the intellectual and field development taking place in this field. This is due to the weakness of the financial capabilities to establish high-end infrastructure to allocate effective communication networks, as the availability of competent technical personnel is competent. Trust fluctuates between customers and banking organisations because of the strict regulations and restrictions on banking organisations imposed by governments in order to control the national economy, coinciding with poor individual awareness of the importance of financial institutions and the role they play in driving economic progress.

Second: - The Objectives of the Study

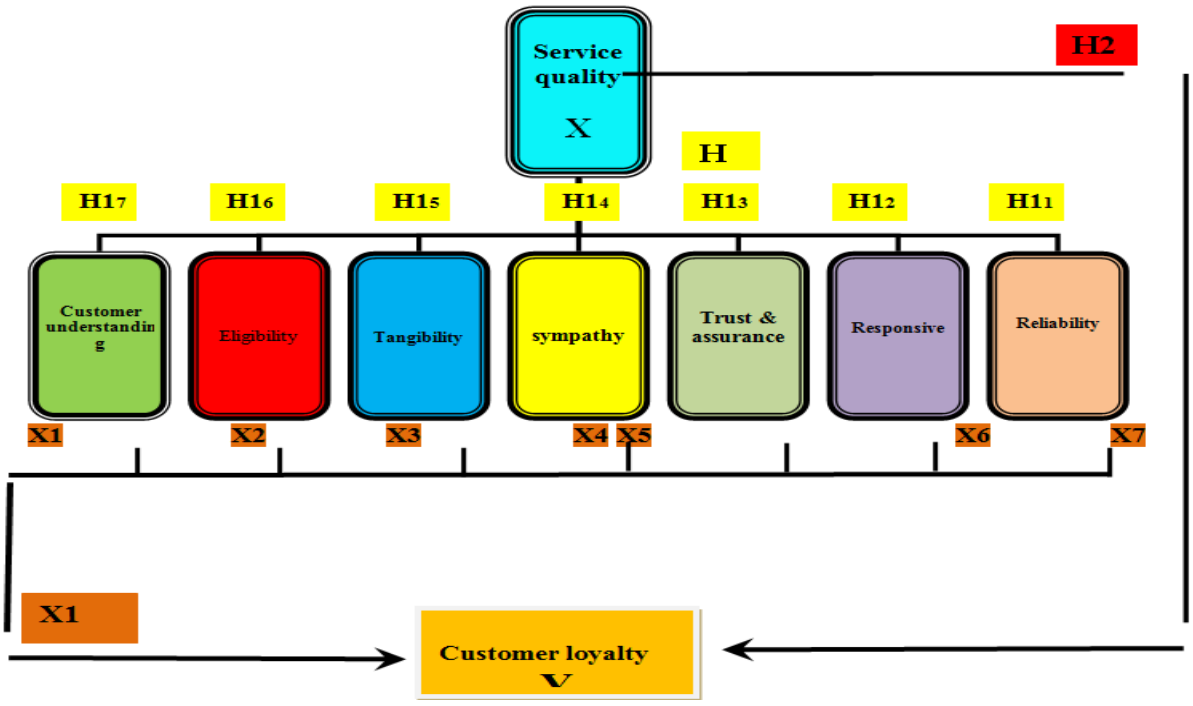
1.**To** give a behavioural impression of the researched banks, by searching the results of the integrative relationship between the dimensions of service quality and customer loyalty and diagnosing them in those banks
2. To test the effect of quality of service on customer loyalty
3. To determine the relative importance that each dimension of the quality of service contributes to customer loyalty at the sub-level and on the overall level.

Third: - The Importance of the Study

The importance of the study is embodied in achieving all of the following:
1. That the diagnosis of the dimension's contribution, according to its importance in influencing the customer's loyalty, is in itself an applied indicator that contributes to providing a distinguished service.
2. Also, defining the components of customer loyalty and the extent to which any of them respond to the quality dimension contributes toward helping the organisation maintain its customer base and reduce the costs of gaining new customers.

Fourth: - Study Plan

Figure 1: Service Quality to Customer Loyalty



Fifth: - Study Hypotheses

The study relied on two hypotheses formulated as follows:

1 - The first main hypothesis is that there is a significant relationship of influence between the dimensions of the quality of service (reliability, responsiveness, trust and assertion, empathy, tangibility, eligibility and customer understanding) and customer loyalty.
2 - The second main hypothesis is that there is a significant relationship of influence between the dimensions of service quality (X) at the macro level, and customer loyalty (Y).

Sixth: The Study Sample

The sample of this study comprises 100 customers in banks, limited to the capital, Baghdad.

Dimensions of Service Quality

1-1-The concept of quality

Asher (1996: 18) traditionally defined the concept of quality as "obtaining the original copy of a product with high advantages", and (Zeithaml & Betner, 1996: 36) defined it as "providing distinctive and superior products". The American Society for Quality Control assures (American Society Quality Control) that quality is "the set of characteristics and characteristics of a product that affect its ability to meet specific needs" (Evanse, 1997: 45)

Dimensions of Service Quality

A- Reliability

Reliability is "the institution's ability to deliver the service it has promised to provide the beneficiaries correctly and consistently" (Kotler, 1997: 14).

B - Responsiveness

Responsiveness means the willingness of workers in the organisation to help customers and provide immediate service, and it is the ability to make the service match the needs of the customer as well (Zeithaml, et al., 2006: 117).

C - Confidence and assurance

Ivancevivh, et al. (1997: 257) state that the service is free from risks, suspicion or fear, and emerges by providing safety and security devices and related procedures (for example in the bank), in order to maintain the institution's reputation by adhering to security and other measures. This signals to the customer, when seeing safety and security devices, that it is a safe environment.

D – Courtesy / Sympathy

These qualities include behaviours of respect, appreciation and friendship, that the service provider displays to the customer include the behavior of the service provider towards the customer (Render & Heizer, 1997: 109).

E - Tangibility

Tangibility indicates the appearance of the physical facilities available at the institution, the equipment, tools and means of communication. In many cases, the service may be evaluated by the customer depending on the formal or basic characteristics accompanying the service,

such as the physical facilities (equipment, devices and service individuals). For example, is the technology used to provide the service modern? Does the personal appearance of workers in the organisation reflect the quality of service provided to the customer? (Atrophy, 2002: 367).

F- Competence
Competence means the level of merit enjoyed by those involved in providing the service, in terms of the analytical and deductive capabilities, and capabilities and knowledge, that enables them to perform their tasks in an optimal way. In the case of dealing with the service supplier for the first time, the beneficiary often resort to criteria such as scientific competencies or membership of certain associations to assess the worthiness of a resource service and the quality of its services (Al-Taie et al., 2003: 103).

G- Understanding the Customer
Understanding the customer concerns making efforts with the customer, and it includes learning about the customer's requirements, directing personal care to him, and distinguishing the customer who is constantly dealing with the institution (Parasuraman, et al., 1985: 46).

The Concept of Loyalty

Pride and Ferrell have defined loyalty as "the preferred consumer trends of a particular brand", while Hanna and Wozniak state is as "consumer preference and continuous purchase over time for a specific brand of a product" (2001: 157). For Mowen and Minor (2001: 210), it is "the extent to which the consumer holds positive trends towards the organisation's products and services, his commitment to it and his intention to repeat its purchase in the future."

Test and Analyse Effect Relationships between Study Variables

The First Main Hypothesis

This hypothesis reported that there is an effect relationship of significance between the dimensions of service quality, and the multiple regression equation indicates that the dimensions of service quality (reliability, response, confidence and assertion, sympathy, tangibility, eligibility and customer understanding, represented as X1, X2 , X3, X4, X5, X6, X7, respectively) affect customer loyalty (Y) when combined at one time, and in light of this relationship the following multiple regression equation was formulated:
$Y = a + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \beta_6X_6 + \beta_7X_7$

The simple regression equation for the relationship between reliability, response, confidence and assurance, empathy, tangibility, eligibility, customer understanding (X1, X2, X3, X4, X5, X6, X7) and customer loyalty (Y) are: Customer loyalty = (0.509) + (0.044) Reliability + (0.240) Response + (0.179) Trust and Emphasis + (-0.109) Empathy + (-0.004) Tangibility + (0.134) Eligibility + (0.218) Understanding the customer

In the context of this formulation, the resulting analysis of variance between these relationships, is as shown in Table 1.

Table 1: ANOVA analysis of the relationship between quality of service dimensions and customer loyalty

Source of variance level	Degree of freedom	Sum of squares	Average squares	Calculated Value F	significance
Regression	7	24.899	3.557	6.732	0.000
error	93	49.140	0.528		
total	100	74.039			

As for the table of transactions, it indicated the values shown:

Table 2: Transactions

Sample	Non-Standard transaction		Standard transaction	T coefficient	Level of significance
	BETA . coefficient		Standard error		
Stability	0.509	0.287	0.044	1.774	0.079
Reliability	0.043	0.128		0.338	0.736
Response	0.248	0.131	0.240	1.894	0.061
Trust & assurance	0.171	0.114	0.179	1.493	0.139
Sympathy	-0.093	0.110	-0.109	-0.849	0.398
Tangibility	0.004	0.125	-0.004	-0.035	-0.972
Eligibility	0.136	0.116	0.134	1.182	0.240
Customer understanding	0.181	0.83	0.218	2.177	0.032

It is clear from both the table of analysis of variance and the table of transactions for the relationship between the level of dimensions of service quality and customer loyalty, from the study sample of 100 people, that the value of (F) is large when compared to its value table, the level of significance (0.05) and the degree of freedom (7,93). This indicates that the

regression curve is sufficient to describe the relationship between (X1, X2, X3, X4, X5, X6, X7, Y) with a confidence level (0.95). This is confirmed by a significant value (X) and according to the test (t) has reached the value of (tx1 = 0.338), (tx2 = 1.894), (tx3 = 1.493), (tx4 = -0.849), (tx5 = -0.035), (tx6 = 1.182) and (tx7 = 2.177). In light of the regression equation, the constant is indicated (a = 0.509), which means that there is a customer loyalty toward banks of 0.509 when the quality of the service quality dimensions is zero. The marginal slope value (β1 = 0.044) associated with (X1) indicates that a change in the amount of (1) in the reliability will lead to a change in the amount of in the customer's loyalty (0.044), which is a weak change. As for the boundary slope value (β2 = 0.240) associated with (X2), it indicates that a change of (1) in the response will lead to a change of (0.240) in customer loyalty. For the boundary slope value (β3 = 0.179) associated with (X3), this indicates that a change of (1) in confidence and assurance will lead to a change in the amount of (0.179) in customer loyalty, which is a weak change. The value of the marginal slope (β4 = -0.109) associated with (X4) indicates that a change in the amount of (1) sympathy will lead to a change in the amount of customer's loyalty (-0.109), which is a reverse change. The value of the marginal slope (β5 = -0.004) associated with (X5) indicates that a change in the amount of (1) tangibility will lead to a change in the amount of (-0.004) customer loyalty, which is a reverse and weak change. As for the boundary slope value (β6 = 0.134) associated with (X6), it indicates that a change in the amount of (1) in eligibility will lead to a change in the amount of (0.134) in customer loyalty, which is a weak change. The marginal slope value (β7 = 0.218) accompanying (X7) indicates that a change of (1) in the customer's mind will lead to a change in the amount of (0.218) customer loyalty, which is a weak change.

The value of the determining coefficient (R2) indicates a coefficient of (0.66), which means that the quality of service dimensions explain (0.66) of the discrepancy in customer loyalty, and that (0.44) of the unexplained variance is due to variables that did not enter the regression model and is a good indicator. On the basis of these results, this hypothesis is not rejected at a level after the customer is understood, it is rejected on the other dimension level and accepts alternative hypotheses. These results were tested by the through regression coefficient (Stepwise) in order to obtain more accurate indicators. As it appears as in beta values (β2 = 0.240) that there is the possibility of obtaining a positive result that filters this dimension to be critical in influencing the customer's loyalty to what the gradient regression has From the ability to test the variables one by one to test the validity of the variable in entering the regression equation, and so were the results that will be described as follows:

Table 3: ANOVA analysis of the relationship between dimensions of service quality and customer loyalty according to the gradient regression coefficient

Variables source	Degree of freedom	Squares total	Square average	Calculated F value	Level of significance
Regression	1	18.454	18.454	32.868	0.000
Error	99	55.585	0.581		
Total	100	74.039	74.039		
Regression	2	0.701	10.920	20.501	0.000
Error	98	0.403	0.553		
Total	100	0.199			

Table 4: Transactions

Sample	Non-standard coefficients		standard coefficients	T. factor	Level of significance
	Beta factor	Standard error	Beta		
Constant	0.904	0.237		3.809	0.000
Response	0.517	0.090	0.499	5.733	0.000
Constant	0.701	0.245		2.861	0.005
Response	0.403	0.099	0.389	4.084	0.000
Understanding the customer	0.199	0.079	0.240	2.521	0.013

It is clear from the table of analysis of the variance of the relationship between the dimensions of service quality (response and customer understanding) and customer loyalty at the level of the study sample of 100 people, the value of (F) is large when compared to its tabular value and with a significant level (0.05) and a degree of freedom (1.99) and (2,98). This indicates that the regression curve is sufficient to describe the relationship between (X1, x2, Y) with a confidence level (0.95) and this is confirmed by a significant value (x) and according to the test (t), the value of (tX1 = 4.084, tx2 = 2.521) and the level of significance (0.000, 0.13).

In light of the regression equation, the constant is (0.904 = a) for the first model and (0.701 = a) for the second model, when the QoS dimension value is zero. As for the value of the marginal slope of the first model (0.499) =) accompanying (X), it indicates that a change of (1) in the response (X) will lead to a change of (0.499) in customer loyalty and at a significant level (0,000); it is an average change that can be relied upon to some extent in raising customer loyalty in the banks concerned with the study. While the value of the

marginal slope of the second model (0.389 β1 =) accompanying the response (X1), it indicates that a change in the amount of (1) in the response (X1) will lead to a change in the amount of (0.389) in customer loyalty and at a significant level (0.000). The value of the marginal slope (0.240 β2 =) accompanying the customer's understanding (X2) indicates that a change in the amount of (1) in the customer's understanding (X2) will lead to a change in the amount of (0.240) in customer loyalty and at a significant level (0.013).

Table 5: Coefficients

Sample		Beta factor	The value of (T)	Level of significance	Partial correlation factor	Endurance
1	**Reliability**	0.171	1.459	0.148	0.146	0.543
	Trust and assurance	0.238	2.214	0.029	0.218	0.634
	Empathy	0.035	0.355	0.723	0.036	0.789
	Tangibility	0.060	0.616	0.539	0.062	0.806
	Eligibility	0.189	1.833	0.070	0.182	0.697
	Understanding of customer	0.240	2.521	0.013	0.247	0.791
2	**Reliability**	0.121	1.033	0.304	0.104	0.524
	Trust and assertion	0.186	1.721	0.088	0.172	0.601
	Sympathy	-0.037	-0.366	0.716	-0.037	0.725
	Tangibility	0.020	0.206	0.837	0.021	0.783
	Eligibility	0.168	1.667	0.099	0.167	0.692

Through the numerical indicators shown in Table 5, it is clear that the first model excluded six of the quality dimensions because of the incompleteness of the conditions for entering the regression model for the dimensions of service quality. On working with the second model, after understanding the customer, the regression equation was entered to complete the entry conditions in it. Dimensions were excluded (reliability, trust and assertion, sympathy, tangibility, eligibility) because they are not valid in entering the gradient regression model, owing to its ineffectiveness due to the weak partial correlation coefficients eligible for it.

The Second Main Hypothesis

This hypothesis states that there is a significant effect relationship between the quality of service dimensions (X) at the macro level, and customer loyalty (Y). In light of this hypothesis, the simple regression equation indicates that the dimensions of the quality of service affect the customer's loyalty (Y); this effect assumes there is a functional relationship between the true value of the dimension of the quality of service (X) and customer loyalty (Y). Therefore the following simple regression equation was formulated:

$Y = a + \beta X$
With (a) representing a constant

This relationship means that customer loyalty (Y) is a function of the true value of the QoS dimension (X), with the estimates of these values and their statistical indicators calculated at the level of the study sample of 100 persons.

The effect relationships between the variables will be analysed, as follows:

The simple regression equation for the relationship between the QoS dimensions (X) and customer loyalty (Y) is:

Customer loyalty = (0.511) + (0.518) Dimensions of service quality.

In the context of this formulation, the table of variance analysis yielded results from which the analysis of variance between these relationships was conducted, as shown in table 6.

Table 6: ANOVA analysis of the relationship between quality of service dimensions and customer loyalty

Source of contrast	**Degree of freedom**	**Sum of squares**	**Average squares**	**Calculated F value**	**Level of significance**
Regression	1	19.898	19.898	36.384	0.000
Error	99	64.141	0.647		
Total	100	74.039			

As for the schedule of Coefficients, it resulted in the following:

Table 7: Coefficients

Sample	**Non-standard coefficients**		**Standard coefficients**	**Coefficient T**	**Level of significance**
	Beta factor	**Standard error**	**Beta**		
Constant	0.511	0.289	0.518	1.768	0.80
Dimensions quality of service	0.655	0.109		6.032	0.000

It is clear from the table of analysis of the variance of the relationship between the dimensions of service quality (X) and customer loyalty from the study sample of 100 people, the value of (F) is large when compared to its tabular value and at a significant level (0.05)

and with a degree of freedom (1.99). This indicates that the regression curve is sufficient to describe the relationship between (X) and (Y) and the level of confidence (0.95). This is confirmed by a significant value (X) and according to the test (t) the value of tx = 6.032) with a level of significance (0,000). In light of the regression equation, the constant is indicated (0.511 = a), which means that there is a customer loyalty of (0.511) when the value of all QoS dimensions is zero. As for the boundary slope value (0.518 β =) associated with (X), it indicates that a change of (1) in the dimension of quality of service (X) will lead to a change of (0.518) in customer loyalty, a good change that can be relied upon in raising customer loyalty in the banks concerned with the study. The value of the determination coefficient (R2) indicates a coefficient of 0.78, this means that the QoS dimension (X) explains (0.78) of the discrepancy in customer loyalty, and (0.22) of the unexplained variance is due to variables that did not enter the regression model, which is a very good indicator, and on the basis of these results this hypothesis is not rejected.

Conclusion

The customers are not satisfied with the performance that the banks provide them, which makes them not depend on that performance in completing their daily transactions. Banks can, by providing the appropriate quality of their services, be established to build bridges of loyalty with their customers. The studied banks did not take care of the physical aspects that make customers feel they can see and touch the services provided to them. The studied banks have ignored that the customer is more important than the one who evaluates the quality of service, as the customer determines the criteria adopted by this evaluation. Thus, the customer is the one who rules the quality of service, not service organisations (banking). Therefore, those concerned should design the service to include the idea of quality, which indicates, after reliability (if it is to be promoted) that banking operations should be conducted in the correct form from the very beginning. The organisations concerned with the study seek to enhance the value provided to its customers, whether it is knowledge, material or the perceived or desirable value.

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