

**SERVICE QUALITY IN LIBYAN COMMERCIAL BANKING SECTOR FROM
CUSTOMERS' AND BANKERS' STANDPOINTS
(A COMPARATIVE STUDY BETWEEN THE PUBLIC AND PRIVATE SECTOR)**

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ABSTRACT

Service quality plays an important role in the success of any organization generally but especially in the banking sector. This importance increased after a link was found between service quality and customer satisfaction, customer loyalty and financial performance.

The Libyan banking sector is one of the most important sectors in the Libyan economic. The importance of this sector increased after the lifting of the United Nations sanctions in 2004 which resulted in the entry of numerous domestic and multinational firms to engage in this sector. However, these banks still suffer from a low level of service quality. Therefore, the main purpose of this study is to examine and compare the service quality provided by Libyan commercial public and private banks from the standpoint of customers, employees and managers in order to help these banks to differentiate themselves from their competitors in the market place and to helps these banks to attain a high level of customer satisfaction as well as to attract new customers.

After an extensive review of the extant literature related to the Parasurman, Berry and Zeithaml (1985) Gap Model and the use of the SERVQUAL instrument to measure service quality, this study found that there was a gap in the literature regarding empirical research using the extended Gap Model to evaluate service quality in the banking sector. Therefore, the extended Gap Model has been used to examine service quality in Libyan commercial banks and SERVQUAL used to measure the service gaps.

The main findings of the research indicated that there are differences from customers' and bankers' standpoints with regard to levels of service quality provided by both public and private banks. It revealed that customers' expectations and perceptions of service quality in private banks are higher than in public banks.

With regard to the relative importance of the five SERVQUAL dimensions, unlike previous studies, the results of this study indicated that the tangibles dimension was more prominent. Therefore, further research in this area should be important to investigate whether or not the Libyan context has caused tangibles to be so prominent compared to previous studies.

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DEDICATION

Dedicated to

To the soul of my mother, Mabroka Mohamed Mummer Sultan Who taught me how to deal with life. Even though she died about two years ago, but her wisdom, love, concern, kindness, and dedication are still the main elements of my success.

My Father, Who is my first mentor

My sister Fatima and my brothers Ahmed, Ali and Mustafa Who supported and encouraged throughout my PhD journey

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CHAPTER ONE

INTRODUCTION

1.1 Introduction

This chapter aims to explain the rationale for conducting this study and to provide a general introduction to the thesis. Section 1.2 provides a background to the study. Section 1.3 provides importance of this study. Section 1.4 presents the focus and justification for the study. The purpose and hypotheses of the study are presented in section 1.5. Section 1.6 highlights the research methodology of the current study. Finally, section 1.7 presents the structure of the thesis.

1.2 Background

Successful service organisations are making a great effort to achieve service excellence. Service excellence has become an important organizational response through which organizations differentiate, compete and win (Berry *et al.*, 1994; Treacy and Wiersema, 1993). Service industries play an important role in the world economy. Therefore, concern about service quality issues has increased in all types of service organizations (Zeithaml and Bitner, 1996).

Unlike product quality, the quality of services is an ambiguous and complex concept because the characteristics of services are heterogeneous, intangible, and perishable being both simultaneously produced and consumed (Parasuraman *et al.*, 1985; LeBlanc and Nguyen, 1988). Therefore there is no consensus concerning the definition and measurement of service quality. As a result of this ambiguity in the quality of service, initiatives in service quality have been widespread across all of the economy and many organizations have started using multifarious approaches to improve the quality of their services (Sureshchandar *et al.*, 2001). Moreover, a number of researchers and practitioners have indicated the importance of the concept and measurement of service quality in various studies and research in different sectors (Shahin, 2006).

Libya is competing with other nations for an increasing share of world markets. Libya has strongly registered its prosperity performance over the last few years and has displayed solid growth, outpacing a number of comparable countries in the region (Porter and Yergin, 2006). Therefore, improving the quality of Libyan goods and services is quickly becoming a pressing national concern. Effectively, responding to

changes in global service environments requires an understanding of the complexity of applying service quality concepts and assessment instruments.

Over the past few years Libya's economy has witnessed significant changes (Porter and Yergin, 2006). These have included economic reforms, review and also the implementation a set of policies and measures aimed at restructuring the national economy in order to provide a favourable environment and investment climate to promote domestic and foreign investments to contribute in the development of infrastructure and diversification of the economy (Libyan Central Bank of Libya, 2008). Within this framework, a series of measures have evolved for promoting investment and attracting foreign capital to ensure their contribution in implementing investment projects, production and service. Also underway is the development and updating of the banking system with open competition wherein commercial banks occupy a vital place in the national economy as a store of savings and major source of economic activity. These efforts resulted in the improvement of the productive economic activities and service components of the Libyan economy which in 2008 showed a marked improvement in growth rates that were close to 6.1 compared with 5.6, 5.9 during 2007 and 2006 respectively (Central Bank of Libya, 2008).

The banking and financial sectors play an increasingly significant role in the Libyan economy. They have become relatively competitive in recent years because the government has started a gradual removal of the industry from state-ownership towards one of privatization. In addition, a liberalization policy has been followed by a government aim of encouraging international players to engage in the sector. Commercial banks are the main axis of the financial and banking sector in Libya. As a result of such policies to increase the number of domestic and foreign investors, commercial banks seeking to appear strongly in the marketplace in which there are increasing growth rates over the past few years (for example the increasing growth rate in 2008 to 82.9 % compared with 2007). This is the best evidence for the direction of future growth (Central Bank of Libya, 2008). The management of these commercial banks tended also to differentiate themselves from their competitors through their service quality though overall such banks still suffer from low levels of service quality provided to their customers (Wali, 2004; Shehouni and Toumi, 2007; Abdelmalek, 2008 and Kumati, 2008).

1.3 Importance of the study

Service quality is generally understood as the gap between consumers' expectations about a service and their subsequent perception of service performance (Grönroos, 1984; Parasuraman *et al.*, 1985; Zeithaml *et al.*, 1990; Lehtinen and Lehtinen, 1991 and Williams, 1999).

Most service organizations today realize that delivering excellent service is important to the success of their business. Research interest in service quality has been ongoing for more than two decades (Webb, 2000), and has resulted in having a literature rich in a variety of studies dealing with this crucial issue from different perspectives (e.g. Briggs *et al.*, 2007; Parasuraman *et al.*, 1985, 1988; Grönroos, 1982, 1984; Cronin and Taylor, 1992, 1994; Saleh and Ryan, 1991).

Service quality is important to marketers because a customer's evaluation of service quality and the resulting level of satisfaction determines the probability of repurchase and ultimately influences outcome measures of business success. Employees, managers and customers also play an important role in improvement of service quality programmes (Waite and Stites-Doe, 2000). Moreover, managers in the financial services sector are aware that competitive advantage and corporate profitability lie in increased attention to service quality (Petridou *et al.*, 2007). Therefore it is important for bank managements and individuals to understand the constituents of service quality together with its definition, and how it can be measured (Lewis, 1989; Bowen and Hedges 1993 and Asubonteng *et al.*, 1996).

Several other researchers have indicated that quality has been found to provide significant performance related advantages such as customer loyalty, responsiveness to demand, customer satisfaction, customer retention, market share growth and productivity (Berry *et al.*, 1985; Reichheld and Sasser, 1990; Capon *et al.*, 1990; Bolton and Drew, 1991; Berry and Parasuraman, 1991; Anderson *et al.*, 1994; Rust *et al.*, 1995; Barnes and Cumby, 1995; Lassar *et al.*, 2000; Roberts *et al.*, 2003 and Jabnoun and Al-Tamimi, 2003).

There have been many studies that confirmed the huge benefits can be achieved through improvements in service quality. Woldie and Dogan (1996), summarised such benefits as enhancing customer retention rates, i.e. customer loyalty, attraction of new customers,

higher market share, improved employee morale, lower staff turnover, fewer mistakes, insulation from price competition, lower advertising and promotion costs, lower operating costs, increased productivity, improved financial performance and increased profitability.

Today's banking sector directs their efforts for improvement of service quality by focusing on the customer (Lynn *et al.*, 2000) because service organisations must organize quality through the service delivery process to avoid or reform any shortcomings that poor quality service might have on the business (LeBlans and Nguyen, 1988).

The topic of service quality in the banking sector has been considered obviously important over the years and has gained more attention possibly as the result of a reduced customer base resulting in a decreased market share so affecting a portion of the banking industry (Bowen and Hedges, 1993). They showed also that this attention may contribute substantially to improving the decrease in market share that banks might be experiencing. Hence, achieving superior service quality levels is a major purpose for retail banking operations.

From a research standpoint, the present study is important because it includes all users of the banks being the customers and also the employees (i.e. the bank employees and managers) of Libyan commercial banks and offers measures to improve the service quality in these banks. Brown and Swartz (1989) state “. . . *from a marketing perspective, both management and customers are very important and must be considered if a more thorough understanding of service quality is to be gained. . . . the provider (management) would design, develop, and deliver the service offering on the basis of his or her perceptions of customers' expectations*”. Hence, this research attempts to show the importance of service quality management for providing better service in banks to the customers, based on customers and managers points of view. The benefits of offering higher service quality have a positive influence for both the banking sector and for their customers. Some of these advantages include competitive advantages, productivity improvement, work development, reducing costs and increasing profits, employees' satisfaction and increase in their working value, customer satisfaction and customer loyalty. The benefit of these resources has influence on the banking sector and customers, and innovation is an important contributing of this study.

1.4 Focus and justification for the study

The research issues in respect of service quality have been extensively researched in developed economies, however, there is limited knowledge concerning financial service quality for developing economies of which Libya is one (Angur *et al.*, 1999; Sureshchandar *et al.*, 2002; Sureshchandar *et al.*, 2003 and Yavas *et al.*, 1997). Therefore, the first motivation for this study is stimulated by the lack of any useful empirical study to measure and evaluate service quality in the Libyan banking sector in general. In particular, it seeks to assist the commercial banks to improve their service quality. This motivation proceeded from recommendations of some researchers and practitioners of service quality who have noted how weak and low level of service quality provided by these banks is and emphasised the need for more research in the measurements that would lead to an improvement in the service quality provided by these banks (Abdelmalek, 2008; Kumati, 2008; Shehouni and Toumi, 2007 and Wali, 2004)

A close examination of the service quality literature revealed that little, if any, information is available concerning the measurements used by the bankers (i.e. by the managers and employees) perceptions of either the specific expectations of their customers' expectations or event the general customer expectations. It was noted by Bexley (2005) that there are no studies that considered service quality from bankers' standpoints. Therefore, the second motivation for this study is initiated by a lack of research measurement offering the managers' and employees' perceptions of customers expectations and actual customers expectations.

1.5 Purpose and hypotheses of the study

As mentioned earlier, there is a scarcity of research conducted in developing countries in general and Libya in particular. Therefore, the purpose of this study is to examine and compare expectations and perceptions from customers and bankers regarding service quality provided by the commercial public and private banks in Libya and to evaluate the relative importance of the service quality dimensions and identify the most important among them. The following paragraphs offer specific summaries of the aims and objectives of the study. This study sets the following aims and objectives as following:

The first aim of this is to examine and compare service quality in the Libyan commercial public and private banks by using the SERVQUAL questionnaire from customers' (received service) standpoints. In order to achieve this aim of the study, three objectives are formulated:-

- To examine customers' expectations of service quality between Libyan commercial public and private banks.
- To assess customers' perceptions of service quality between Libyan commercial public and private banks.
- To analyse differences in customers' expectations and perceptions' of service quality between Libyan commercial public and private banks.

To make recommendations on how to improve service quality in these Libyan banks based on the findings of this study the following hypotheses were formulated.

H01. There are no significant differences in customers' expectations of service quality between Libyan commercial public and private banks.

Ha1. There are significant differences in customers' expectations of service quality between Libyan commercial public and private banks.

H02. There are no significant differences in customers' perceptions of service quality between Libyan commercial public and private banks.

Ha2. There are significant differences in customers' perceptions of service quality between Libyan commercial public and private banks.

H03. There are no significant differences in customers' expectations and perceptions' of service quality between Libyan commercial public and private banks.

Ha3. There are significant differences in customers' expectations and perceptions' of service quality between Libyan commercial public and private banks.

The second aim of this study is to assess and compare service quality in the Libyan commercial public and private banks by using the SERVQUAL questionnaire from

managers and employees (provided service) standpoints. In order to achieve the aim of the study, three objectives are formulated:-

- To examine managers perceptions of customers' expectations and actual customers' expectations in both Libyan commercial public and private banks.
- To assess employees perceptions of customers' expectations and actual customers' expectations in both Libyan commercial public and private banks.
- To analyse and compare differences in the perceptions of customers' expectations between managers and employees and actual customers' expectations in both Libyan commercial public and private banks.

In order to test these objectives the following hypotheses were formulated.

H01: There are no significant differences in customers' expectations of service quality and managers' perception of these expectations between public and private banks.

Ha1: There are significant differences in customers' expectations of service quality and managers' perception of these expectations between public and private banks.

H02: There are no significant differences in customers' expectations of service quality and employees' perception of these expectations between public and private banks.

Ha2: There are significant differences in customers' expectations of service quality and employees' perception of these expectations between public and private banks.

H03: There are no significant differences in the perceptions of customers' expectations between managers and employees of public and private banks.

Ha3: There are significant differences in the perceptions of customers' expectations between managers and employees of public and private banks.

The third aim of this is to assess and compare the relative importance of the five SERVQUAL dimensions from both customers' and bankers' viewpoints in the Libyan commercial public and private banks. This is intended to help Libyan commercial banks assess and improve their service quality. It will enable these banks to know the

significant service quality dimensions and identify the most important among them. In order to achieve this aim of the study, three objectives are formulated:-

- To examine the relative importance of these five dimensions between customers of both commercial banks.
- To assess the relative importance of these five dimensions between managers of both commercial banks.
- To analyse the relative importance of these five dimensions between employees of both commercial banks.

In order to test these objectives the following hypotheses were formulated.

H01. There is no difference in the ranked order of the five dimensions of service quality for customers of Libyan commercial public and private banks.

Ha1. There is a difference in the ranked order of the five dimensions of service quality for customers of Libyan commercial public and private banks.

H02. There is no difference in the ranked order of the five dimensions of service quality dimensions for managers of Libyan commercial public and private banks.

Ha2. There is a difference in the ranked order of the five dimensions of service quality dimensions for managers of Libyan commercial public and private banks.

H03. There is no difference in the ranked order of the five dimensions of service quality dimensions for employees of Libyan commercial public and private banks.

Ha3. There is a difference in the ranked order of the five dimensions of service quality dimensions for employees of Libyan commercial public and private banks.

1.6 Research methodology

This study assesses and compares the perceived level of bank service quality in Libyan commercial public and private banks and investigates the dimensions of quality of banking service in the two sectors. Chapter 5 discusses the research philosophy and design that has been adopted by this study. It also explains the procedures employed to collect and analyse the data. This chapter discusses the methodology used in the study

that utilises a questionnaire based on SERVQUAL to measure customers' and bankers' expectations and perceptions of service quality in the context of the Libyan commercial banks. In addition, this study intends to assess the relative importance of the SERVQUAL dimensions from both customers' and bankers' views. Central Bank of Libya (2005) comprises of the Libyan commercial banking sector which includes commercial public banks which consist of five banks (Gumhouria bank; National Commercial Bank; Sahara Bank; AL Umma Bank and Wahda Bank) and commercial private banks (Commerce and Development Bank; Aman Bank For Commerce and Investment; Al-Wafa Bank; Alejmaa Alarabi Bank). A random sample was selected from customers and bankers of these Libyan commercial banks. This led to the distribution of 600 questionnaires shared equally between commercial public and private customer's banks, 260 questionnaires shared equally between commercial public and private employee's banks and 120 questionnaires shared equally in commercial public and private manager's banks. To increase the return rate, all questionnaires were delivered and collected personally. Following analysis of the data a comprehensive discussion and interpretation of the results will follow.

1.7 Structure of the thesis

This thesis is organised into eight chapters Table 1.1 below displays the structure of the study. The following is a brief description of each chapter:

Chapter One: An introduction to the study. It focuses on providing an overview of the study's development and supplies the background of the thesis. It highlights the aims and objectives of the study. It sets also the hypotheses put forward by this study.

Chapter Two provides a detailed overview of the Libyan financial sector; particularly the Libyan banking sector which is the focus of this study. This chapter covers such issues as, the Libyan economy and banking history, and revolution of the banking system; moreover it provides a brief background to all banks currently operating in the Libya is given.

Chapter Three analyses the first part of the literature review of this study. It provides relevant literature from several fields and provides an overview of the importance and definition of quality and service quality, the relationship between service quality and

customer satisfaction, and discussion of the conceptualization of service quality including dimensions and models of service quality.

Chapter Four achieves the second part of the literature review. It includes a thorough review of the relevant literature related to service quality in the banking sector. The chapter begins by discussing the importance and definition of service quality in the banking sector. It examines literature in the areas of customers' expectations and perceptions of service quality especially in the banking sector and bankers' perceptions of customers' expectations versus actual customers' expectations.

Chapter Five provides detailed discussion and explanation of the research methodology. It analyses the research design and methodology and identifies specific issues with which the researcher needs to be aware. It also explains the reasons for selecting methods for data collection, and describes the design of data collection instrument.

Chapter Six and Seven analyses of the quantitative data obtained from the customers and bankers surveys.

Chapter Eight provides a comprehensive discussion of the quantitative findings presented in chapters Six and Seven.

Chapter Nine presents conclusions and recommendations of the research Furthermore, the limitations and the contributions of the study are discussed, and suggestions made for several directions for future research.

Table 1.1 Organization of the study

Chapter One	Introduction
Chapter Two	Libyan Financial Sector
Chapter Three	An Overview of Service Quality
Chapter Four	Service Quality in the Banking Sector
Chapter Five	Research Methodology
Chapter Six	Data Analysis of Customers Perspective
Chapter Seven	Analysis of Bankers Perspective
Chapter Eight	Implications for Practice
Chapter Nine	Conclusions and Recommendations

1.8 Summary

This chapter introduced the research, topic by describing the background of the study. The importance of the study is discussed and is followed by the focus and justification for the study. The purpose and hypothesis of the study was discussed. Next, the methodology adopted for this study was then briefly discussed, followed by an outline of the structure of the thesis. The next two chapters provide a review of the relevant literature upon which this thesis is built.

CHAPTER TWO

COMMERCIAL BANKS OF LIBYA AND CONTEXTUAL BACKGROUND

2.1 Introduction

The banking industry in both developed and developing countries plays a crucial role in enhancing economic and financial stability. The purpose of this chapter is to describe the historical and current state of the Libyan economy in general and especially its banking industry in which the empirical work of this research was carried out. This chapter starts by highlighting the general aspects of the Libyan geography and follows with a description of its population, history and politics, these being important aspects and the cornerstone to understanding the different phases that shaped the economy of Libya. Then it provides a review of the Libyan banking institutions and concentrates upon the commercial banks which represent the main objective of this study. Finally, this chapter concludes a brief explanation concerning the most important Libyan non-bank financial institutions that play a key role in the Libyan economy as well.

2.2 Historical, Political and Economic Background

This section is deemed to be relevant in order to gain a better understanding of the economic, social and political environment in which the Libyan banking sector operates.

2.2.1 Geography and Population

Libya is located in the northern part of Africa. It is one of the largest countries in Africa and thus ranks fourth in terms of area for the countries of Africa covering an area of 1,759,540 square kilometres-equal to nearly one-half of the size of Europe or one-quarter the size of the United States. It is bordered in the North by the Mediterranean Sea, in the East by Egypt, in the South-East by the Republic of Sudan, in the South by Chad and Niger, in the West by Algeria, and in the North-West by Tunisia and Libya extends between longitudes 9 ° and 25 ° east and latitudes 18 25 ° and 33 ° north. Libya is an important bridge linking Africa and Europe. More than 90 per cent of Libya is desert and the remaining land is used for grazing (9%) and agriculture (1%) activities (United Nations, 1991).

Libya is a large country with only a small population, being recorded at the 1954 census as 1.1 million. Libya's population in 1980 was 3.2 million and increasing to 4.250

million in 1989, to 5.660 million in 2003 and 6.1 million in 2005. The urban areas are home to 86% of the population especially in the capital of Libya (Tripoli) and Benghazi, while 14% still live in the countryside with more than two thirds living in the more densely settled coastal areas. The low growth rate in 1954 was due to lack of hygiene and other health services. However, following the oil discovery, this picture completely changed, and the population growth rate in Libya has become one of the highest in the world (Kezeiri and Lawless, 1987).

2.2.2 History and Politics

Libya was under foreign occupation and administration for around 3000 years occupied by the Phoenicians, Greeks, the Romans, Arabs, Spanish (1530-1550), and the Turkish Ottoman Empire (1551-1911), Italians (1911-1943) and British and French (1944-1951) (Kezeiri and Lawless, 1987). On 24 December 1951, the United Nations declared Libya to be an independent state. Libya became a monarchy for a period of 20 years after Libya's independence in 1954 until 1969. In 1969 the Libyan political regime was changed by Colonel Muammar Gaddafi's Revolution. A new constitution was adopted in 1977 by the General People's Congress (GPC) who changed the official name of Libya to the Socialist People's Libyan Arab Jamahiriya (SPLAJ)

2.2.3 Economy

2.2.3.1 Libya's economy during the period of Italian occupation

Before the Italian colonial rule, agriculture had been the backbone of the Libyan economy, where barley, wheat and palm date constituted the main products and the main source of food which depended on the fluctuations of rainfall Ghanem (1982).

The Italian government started their commercial activities in Tripoli and Benghazi. It opened more than eighteen branches of the bank of Banco Di Roma that started its operation of lending money to agriculture, light industry, mineral projects and shipping. As a result, the Italian banks played an important role in the subsequent occupation, for example collecting colonial information and financing purchasing land (Ghanem, 1982).

The Italian occupation caused little change in the economic conditions of Libya. According to published statistics, the Italians invested nearly 2 billion lire in Libya during the occupation. These investments focused on agricultural development and land

reclamation 68 per cent of Italian expenditure from 1936 to 1942 was spent on this (Ghanem, 1982).

2.2.3.2 Libya's economy during the period of the British occupation

When the British Military set up its control over Libya in 1942, the Libyan economy was suffering from severe recession. The annual per-capita income was barely £15; there was little trade, high unemployment, and all the Italian banks had been closed (Wright, 1982). A branch of Barclays Bank was the only bank still open, which played the role of a central bank for the military administration. Libyan exports in this period primarily depended on the agricultural sector, consisting of wheat, barley, olive oil and tobacco; whereas fuel, sugar, and grain constituted the bulk of the imported goods.

In addition Libya suffered severe financial problems directly resulting from the Second World War. The United Nations suggested that Libya should be in receipt of greater help. Moreover, UN resolution No. 289 / IU in 1949 declared Libya an independent state by the unification of Tripolitania, Cyrenaica and the Fezzan.

2.2.3.3 Libya's economy after the discovery of oil

Prior to the discovery of oil in 1959, Libya was one of the poorest and most underdeveloped countries in the world; per capita revenue was estimated at no more than \$40 per year (Higgins, 1968; Kilani, 1988). Most Libyans were engaged in agriculture, fisheries and animal husbandry (Higgins, 1968). Libya depended almost entirely on domestic income along with foreign grants and aid for public expenditure funding (Kilani, 1988).

The discovery of oil in the late 1950s effected a profound change in the economy, particularly after 1961, when the nation started producing and exporting oil in significant quantities. The country was transformed from being in deficit, dependent on foreign grants and aids, to a state of surplus and being able to attract significant foreign investment. By 1968, Libya had become the second largest oil producer in the Arab World; per capita income increased from below \$40 in 1951 to \$1,250 in 1967 and to \$10,985 in 1980. These increases reflected oil production increases.

In less than one decade, Libya became one of the largest exporters of crude oil, enjoying sustained growth rates of more than 20% annually during the 1960s (Ghanem, 1987).

After independence, the government published the Minerals Law in 1953, allowing eleven international oil companies and geological surveyers to commence work in Libya (Wright, 1982). In June 1961, Libya joined the Organization of Petroleum Exporting Countries (OPEC). At the end of 1967, a dynamic and nationalist movement led to the establishment of the Libya General Petroleum Corporation (Lipetco), which officially commenced its activities in April 1968 (Wright, 1982).

Oil exploration and exportation have made a number of important changes in the Libyan economy, including the dominance of the oil sector, the relative growth of imports, and the dependence on foreign markets. Furthermore, the oil revenues were under the direct control of the government, and therefore the government had to look for the best way to spend them (Ghanem, 1987).

Prior to 1963, Libya did not have a national economic development plan. The economic planning during the period between 1952 and 1960 produced very little results (EI-Maihub, 1981). Allocating 70 per cent of oil revenues for development and modernization of national infrastructure characterized the first plan in 1963, when the government announced a five-year economic and social development plan from 1963 to 1968. The total amount of LD 169 million (about \$500 million) was to be spent on various sectors of the economy. The plan was extended for one more year until 1969 in order to complete unfinished projects. The total actual expenditure on the development projects from 1963 to 1969 was LD 551 million with the main emphasis on housing (30%), transport and communication (17%), agriculture (12%) and electricity (10%) (EI-Maihub, 1981)

2.2.3.4 Libyan economy in the era of September Revolution

At the beginning of 1970s, the Libyan government's economic philosophy changed from capitalism to socialism; Libyan companies and banks were nationalised and private and foreign investment started to disappear (Kilani, 1988). By the end of the 1970s' most of the Libyan economic system was controlled by the Libyan Government via State ownership.

By the end of 1969 the allotment of funds for the first plan had reached LD 625 million (about \$1700) which aimed at spending on agriculture and industry and on improving the living standards of the people, and improving public services such as transportation,

communication, and electricity for the purpose of conducting research and feasibility studies on certain projects which were regarded as the most important for the country. These plans together absorbed about 43 per cent of the total budget of the plan (Ghanem, 1987; El- Fatahly, 1977).

Among the basic motives which led to the 1969 September revolution, were the liberation of the national economy from foreign control and the achievement of integrated development in all sectors of the economy. To meet this fundamental goal the new government took a series of initiatives aimed basically at improving the economic sector in general and particularly the banking sector.

The economic goals of the revolutionary government were as follows (El-Fathaly and Palmer, 1980):

- Industrialization and substitution of industrial production for oil production as the foundation of the Libyan economy;
- Involvement of Libyans in the production economy in order to break down the rentier state pattern;
- The development of a viable economic infrastructure;
- Agrarian self-sufficiency and
- Reduced dependence on foreign labour

The first plan, a tripartite programme (1973-5), allowed about \$6.6 billion for overall spending as shown in table 2.9. As El-Fathaly, (1977) reported; the three-year plan had three fundamental objectives:

- Build regime support by redistributing Libya's oil wealth as fairly as possible among Libya's populace;
- Improve the productive capacity of the Libyan economy and
- Reduce dependency on the oil sector

After the United Nations lifted sanctions which included an banning any dealing with Libyan banks in 1999 and 2000 respectively which had remained for 12 years, affecting the Libyan economy negatively (Shaglapo, 2006), the Libyan government has attempted

to have a higher profile on the global political stage and encourage foreign investors in oil and gas and other sectors of the Libyan economy. These economic shifts could help foreign banks to apply to open high-tech branches in Libya as long as there is reciprocity in their home market. These changes are expected to prompt other banks to seek ways to improve their efficiency (Arab Data Net, 2005).

This policy shift resulted in Libya's GDP growing by 2% (from \$34.5 billion in 1995 to \$45.5 billion) in 2000. Post sanction-lifting growth has continued, with GDP reaching \$54.5 billion in 2005. Table 2.1 illustrates Libyan GDP (and growth rates) in 2004, 2005 and 2006 across economic sectors, while Table 2.2 shows per capita GDP in 2003, 2004, 2005 and 2006.

Table 2.1 Libyan GDP from 2004 to 2006 (LD million)

Economic Activities	2004	2005	2006	Growth Rate 2004-2006
Agriculture, Forestry and Fishing	1439.3	1554.0	1554.5	8.0
Oil and Natural Gas Extraction	27227.9	38153.0	39937.5	46.7
Mining and Quarrying	431.2	520.0	495.5	14.9
Manufacturing Industries	761.1	799.0	799.1	5.0
Electricity, Gas And Water	334.4	379.0	379.3	13.4
Building and Constructions	1495.3	1803.0	1718.0	14.9
Trade, Restaurants And Hotels	2392.6	2892.0	2797.9	17.0
Transport, Storage and Communication	1663.6	2013.0	1947.5	17.1
Financing, Insurance and Business Services (except Housing)	478.9 5	579.0	560.1	17.0
House Ownership	591.6	614.0	614.1	3.8
Public Services (Education and Health care)	4286	4682.0	4682.4	9.2
Other Services	475.5	549.0	539.3	13.4
Total GDP	41576.8	54537.0	56025.2	34.7
-Oil and Natural Gas Extraction	27227.9	38153.0	39937.5	46.7
-Non-Oil economic activities	14348.9	16384.8	16087.7	12.1

Source: Central Bank of Libya (2006)

The Libyan Foreign Investment Board (LFIB) said that while the country's oil and gas sector attracts the most interest from outside, delegates and potential investors should not ignore the opportunities available in other sectors such as banking, tourism, agriculture and infrastructure (Libya Investment, 2005). The framework for foreign investors wanting to do business in Libya is governed by Law No 5 of 1997: aims to promote and encourage Foreign Capital Investment.

Table 2.2 Per Capita GDP from 2003 to 2006

Years	GDP (LD million)	Population (thousand)	Per Capita (LD)
2003	31731.6	5027	6312
2004	40307.0	5119	7854
2005	54537.6	6109	8927
2006	56025.2	6212	10749

Source: Central Bank of Libya (2006)

In line with these important policies, continued efforts of the Libyan government in the development of the economic sector through the issuance of certain laws to attract foreign investment. For example in 1999, the government issued the Foreign Currency Investment Law which includes the former tax incentives and allows for the transfer of project ownership, the re-export of employed capital, and the hiring of foreign workers, while also creating a specialised agency to promote and monitor the application of the law. Moreover, it issued the Free Trade Act 1999 which enables the establishment of offshore free-trade zones in order to enhance exports, revenue, training; and technology in land, water, energy, telecommunications, and manufacturing facilities. As result of these efforts, the World Bank (WB) is eager to invest in Libya. At a meeting in Tripoli in 2004, attended by the Secretary of GPC of Manpower, Training and Operation, the WB delegation expressed WB's readiness to participate in the development of economic investment particularly in maritime, air and land infra-structure; as well as the provision of technical consultancy to upgrade the efficiency of the local private banks (Libyan Investment, 2005).

2.3 The Libyan Banking Sector

The banking sector in Libya is one of the most important sectors in the Libyan economy, especially after the Libyan government decided to apply privatization in 1993. Nowadays, the banking sector in Libya plays an important role in the economy in terms of both contributions to GDP and providing employment for the nation's 6 million people (Central Bank of Libya, 2006). According to the objectives of this study, the next sub-section aims to present background of the Libyan banking sector in general and especially on the Libyan commercial banks.

The Libyan Central Bank has divided the Libyan banking sector into four different categories called: The Central Bank of Libya, Commercial Banks, Specialized Banks, the Libyan Arab Foreign Bank (Central Bank of Libya, 2006). The next section introduces a summary of these different banking institutions, especially commercial banks which represents the main thrust of this study.

2.3.1 Historical background of the Libyan banking sector

2.3.1.1 The period before independence

During this period agriculture was the backbone of the Libyan economy which needed a robust financial system that could serve further development. Therefore, the first emergence of the banking sector related to agriculture activity by the agriculture bank in 1868 in Benghazi city followed by another agriculture bank in 1901 in Tripoli city (Central Bank of Libya, 2006). After a short period of time other banks opened. A summary of these banks is shown in table 2.3. The staffs of all these banks were Italians and the Italian Lira was the only currency accepted in these banks, and for purchasing and sales transactions. The services of these banks were current accounts and short-term loans to support agriculture and Italian industries in Libya (Central Bank of Libya, 2006).

Table 2.3 Libyan banks in the period before independence

Year	Name of Bank	Place of Bank
1868	Agriculture Bank	City of Benghazi
1901	Agriculture Bank	City of Tripoli
1906	Ottoman Bank	City of Tripoli
1907	Bank of Roma	City of Tripoli
1907	Bank of Roma	City of Benghazi
1912	Bank of Roma	City of Darnah
1913	Bank of Napoli	City of Tripoli
1913	Bank of Sicilia	City of Tripoli

Source: Central Bank of Libya, 2006

After Italy was defeated in the Second World War, Italian Banks (Rome Bank, Napoli Bank and Sicily Bank) lost their dominance over the Libyan banking market and suspended their activities in Libya. Libya then came under the British and French military administration in which Barclays Bank opened two branches in Tripoli and Benghazi. At the same time, Barclays Bank, in addition to its banking activities developed the role of agent of the British Treasury, issuing Egyptian Pounds in the eastern region of Libya and British Military Currency (Sterling) in the western region

(El-Baiah, 1980). This period was marked by turbulence and instability in the financial and banking systems due to the existence of three different currencies in Libya at that time, the Pound Sterling was in Tripoli, Egyptian Pound used in Benghazi while in Fazzan they used the French Franc (Central Bank of Libya, 2006).

2.3.1.2 The period between 1952 and 1969

After Libyan independence some of the Italian banks (e.g. Bank of Rome) continued to provide their services for the Italian people who were resident in Libya (Al-Baih, 1970). In addition there were foreign banks (such as the Tunisian-Algerian Real Estate Bank and the Egypt Bank, the British Bank for Middle East and the F-America Bank and Morgan Guarantee Bank) licensed to exercise their activities in Libya (Central Bank of Libya, 2006).

The Libyan government established the first Libyan bank under the name of the Libyan National Bank via Law No. 30 in 1955. The main function of this bank was the issuing of banknotes and coins, besides maintaining monetary stability in Libya and playing the role of the government's bank (Central Bank of Libya, 2006).

In 1963, Libya established a central bank under the name, Bank of Libya, formerly the National Bank of Libya (El-Shukri, 2007). It was responsible for maintaining monetary stability and the external value of the Libyan currency and for regulating currency and credit (Central Bank of Libya, 2001). The Bank of Libya issued law No 4 of 1963 to organize and regulate the Libyan banking system which identified a commercial bank in article (50) as:

“Any company that regularly accepts deposits in current accounts that are payable when required or at an appointed time, opens documentary credits, collects cheques, gives loans and credit facilities and the other functions of the banking business”.

The most important characteristic of this period is that the Libyan people had a weak banking culture as a result of poverty and ignorance of these services (Al-Baih, 1970). In addition, these banks still did not have full domination of the banking sector as a

result of the presence of many foreign banks controlling most of these activities (El-Shukri, 2007).

2.3.1.3 The period after 1969

When the new regime took over in September 1969, the new government issued many policies and laws concerned with the reorganisation of the banking system in Libya (Al-Arbah, 1985). The most important of these procedures was the Libyanization of banks (means that Libyan nationals own more than 51 per cent of commercial banks' stock). Consequently, the Libyan government declared independence from the domination of foreign countries and many actions were taken against the banks that disregarded the Libyanization policy.

It bought 51 percent of the shares of these commercial banks. By July 1970, four of the major banks with minority stakes in foreign ownership had been totally brought under Libyan government ownership (El-Ghmati, 1979). In December 1970 the government purchased the ownership of all banks that still had some foreign participation. Then, these banks were merged to reduce the number of commercial banks to five.

The Libyan government issued a law on 13 November 1969 regarding Libyanisation of the remaining foreign bank branches operating in Libya. According to this law Libyanisation has been in two stages, the first stage was that branches of foreign banks would be transferred to joint-stock company status and their capital divided into 51 per cent for Libyans and 49% for foreigners. The next stage in December 1970 was that the Libyan government purchased the ownership of all banks that still had some foreign participation and issued Law No. 153, nationalising the shares of all foreign banks (Central Bank of Libya, 2006).

Due to the mergers that occurred between some of the branches of foreign banks, the new law divided existing commercial banks in to five banks. Three of these banks (the Al-Umma Bank, the National Commercial Bank and the Gumhouria Bank) become wholly owned by the State, while the Sahara Bank had a government stake of 83% and the Wahda Bank had a government stake of 87% (El-Masri, 1984 and Central Bank of Libya, 2006).

According to Al-Arbah, (1985), these banks became state-owned commercial banks and are named as follows: 1) Jamahiriya Bank, formerly Barclays Bank (British Bank), 2) National Commercial Bank SAL formerly the Commercial banking division of CBL, Istiklal Bank and Orouba Bank. 3) Sahara Bank which was formerly the Banco di Sicilia (Italian Bank). 4) Umma Bank formerly the Bank of Rome (Italian Bank). 5) Wahda bank, which was formed in 1970 from a merger of five other banks.

In 1972 the Libyan Foreign Bank was established under the law No. 18 of 1972 to provide various financial and banking services abroad and to perform some of the workers inside Libya.

In addition to these commercial banks, there are three specialised banks i.e. Agricultural Bank, Savings and Real Estate Investment Bank, and Development Bank (Central Bank of Libya, 2006). Summary of these banks and their respective capital structures and type of ownership according to Law No. 153 of 1970 are shown in table 2.4 as below:

Table 2.4 List of banks after Libyan government purchased foreign banks in 1970

Name of the bank	Type of the bank	% of share owned by LCB	% of share owned by privet sector	Date of establishing
National Commercial Bank	Commercial Bank	100%	--	1970
Umma Bank	Commercial Bank	100%	--	1970
Jamahiriya Bank	Commercial Bank	100%	--	1969
Sahara Bank	Commercial Bank	70.5%	29.5%	1964
Wahda Bank	Commercial Bank	78.3%	21.7%	1970
Agricultural Bank	Specialised bank	100%	--	1955
Savings and Real Estate Investment Bank	Specialised bank	100%	--	1981
Development Bank	Specialised bank	100%	--	1981
Libyan Arab Foreign Bank	Specialised bank	100%	--	1972

Note. Constructed by researcher on the basis of data gathered from Central Bank of Libya (2006)

The situation outlined above continued without change until 1993 allowing for the first appearance of the commercial private banks when the Central Bank of Libya issued Law No. 1 of 1993 concerning banking, currency and credit which was then modified by Law no. 1 2005. This law permitted foreign and private banks to operate in the banking sector. It gave the private sector the opportunity to participate in the Libyan banking system (El-Shukri, 2007) and to make a contribution to banking services, funding economic activities and enhancing individuals' banking knowledge (Masoud

and Al-Sharif, 2002). The Development and Commerce Bank is the first private commercial bank and was established in 1996 followed by Alaman bank in 2000; Alajmaa Al-Arabi bank in 2003 and Alwafa bank in 2004 (Central Bank of Libya, 2006). A Summary of these private banks is shown in table 2.5 below:

Table 2.5 List of Libyan commercial banks as presented by Libyan Central of Bank (2006)

Name of the bank	% of share owned by LCB	% of share owned by privet sector	Date of establishing
Development and Commerce Bank	100%	--	1996
Alaman bank	100%	--	2000
Alajmaa Al-Arabi bank	100%	--	2003
Alwafa bank	21.4%	78.6%	2004

Note. Constructed by researcher on the basis of data gathered from Central Bank of Libya (2006)

2.3.2 The Central Bank of Libya

The Central Bank of Libya is the primary regulatory authority which controls all banks and banking activities in Libya and supervises the banking system and regulates credit. Under the National Bank Law, it was set up in 1955 by Law No. 30 of 1955 and began operation in April 1956.

This bank had started with a capital of one million Libyan dinars. The capital of the CBL has become one hundred million in 1981, and reached 500 million LYD in 2006. Originally, the government was to have part ownership of the bank at a cost of 700,000 LYD while the public subscribed 300, 000 (LYD) for its shares (El-Ghmati, 1979). After that the CBL was completely under state ownership (100% state owned) and represents the monetary authority in Libya and enjoys the status of an autonomous institution.

The management of the general affairs of the bank within the policies of the country is entrusted to a Board of Directors consisting of the Governor as Chairman who is responsible for the implementation of the policy of the bank, the management of its affairs, as well as representing the bank in all its relations with other parties. The Board also consists of the Deputy Governor as Vice-Chairman, and six other members, who usually represent other financial and economic interests (El-Ghumati, 1979 and CBL, 2000). The headquarters of the bank are located in Tripoli with three branches opened in

Benghazi to serve the banks and the public in the Eastern area of Libya another located in Sabha city to serve the banks and the public in the southern area of Libya with another located in Sirte city to serve the banks and public in the central region area of Libya (Central Bank of Libya, 2002).

Generally, the role of any central bank is to represent the government. Therefore, the Libyan government paid particular attention to the CBL which plays an important role in maintenance of monetary stability in Libya and promoting sustained growth in the economy in accordance with the government's general economic policy for the country, drafting policies of the financial market and other banks in Libya. It is responsible for issuing the rules and guidelines on how banks should conduct their business (Central bank of Libyan, 2006).

In the beginning (1956) the roles of the National Bank (CBL) were the sole right to issue currency, hold the deposits of the federal and provincial governments and oversee ordinary commercial banking activities.

In 1993 the CBL issued Law No. (1), which identified the responsibilities of the Central Bank and its functions in the banking system. The functions of the CBL include the maintenance of international liquidity, note and coin issues and the regulation of domestic money and credit expansion in line with government monetary policy. The CBL is also required to help the government in achieving its economic development objectives and to encourage the development of the banking industry in Libya. After that, the CBL issued Law No.1 of 2005 (Article 5) which indicates that the bank shall have the following duties and responsibilities:

1. Issue the Libyan currency and maintain its stability within Libya and abroad.
2. Manage the government's reserves of gold and foreign exchange.
3. Regulate monetary policy and supervise currency conversion transactions within Libya and abroad.
4. Regulate credit and banking policy and supervise its implementation within the framework of the government's general policy.

5. Achieve the goals of economic policy in terms of stabilizing the general level of prices and maintaining the soundness of the banking system.
6. Manage the liquidity of the national economy.
7. Regulate and supervise the foreign exchange market.
8. Provide advice to the government on matters related to the general economic policy.

2.3.3 Libyan Arab Foreign Bank

The Libyan Foreign Bank was established under Law No. 18 of 1972 to support international investments. This specified its capital at ten million Libyan dinars to be fully owned by the Central Bank of Libya. This Bank implements the international functions of the Central Bank by operating through subsidiaries or affiliates in approximately 30 foreign countries. The capital of the bank, therefore, increased continuously until it reached 2 billion U.S. dollars in 2009. The bank has various investments in 23 African and Arab Banks in addition to its investment in some European countries such as France, Italy, UK and Spain (Central Bank of Libya, 2006).

2.3.4 The Libyan Commercial Banks

The Libyan commercial banks play an increasingly significant role in the Libyan economy by their provision of financial support and facilities to both individuals and to organisations. A commercial bank was identified in Article (50) of the Libyan law No 4 of 1963 (see page 19).

On the other hand, article (65) of Law No 1 of 2005 defined that commercial banks as being any company that ordinarily accepts deposits in current demand accounts or time deposits, grants loans and credit facilities, and engages in any of the other banking activities as following:

1. The cashing of checks made out to and by customers.
2. Services relating to documentary credits, documents for collection and letters of credit.
3. Issuance and management of instruments of payment including monetary drawings, financial transfers, payment and credit cards, traveller's checks, etc.

4. Sale and purchase transactions involving monetary market instruments and capital market instruments to the credit of the bank or its customers.
5. The purchase and sale of debt, with or without the right of recourse.
6. Lease financing operations.
7. Foreign exchange transactions in spot and forward exchange markets.
8. The management, coverage, distribution, and transaction of banknote issues.
9. The provision of investment and other services for investment portfolios, and the provision of investment trustee services, including the management and investment of funds for a third party.
10. Management and safekeeping of securities and valuables.
11. Provision of trustee or financial investor services.
12. Any other banking activities approved by the Central Bank of Libya.

The Central Bank of Libya divided the Libyan Commercial Banks to public and private commercial banks (Central Bank of Libya, 2008). Further explanations on each bank are given in the following sections:-

2.3.4.1 The Public Commercial Banks

The commercial banks of Libya encountered certain difficulties and barriers during their transformation to Libyanization of all foreign banks. According to the Law N.153 of 1970 all banks operating in Libya became wholly owned by the State. This law divided these banks into five called the Al-Umma Bank, the National Commercial Bank, the Gumbouria Bank, the Sahara Bank and the Wahda Bank which serve both the members of public and also organisations in Libya (Central Bank of Libya, 2006).

The Public commercial banks have more than 300 branches across the country. This has led to increased competition among these banks. The total capital of these banks is 1105.8 million Libyan dinar and total assets are 73405.1 million Libyan dinars in 2008 (Central Bank of Libya, 2008). Summary of these five banks is shown in table 2.6 below:

Table 2.6 Libyan commercial public banks

Name of Bank	Date of establishing	Branches number	Sources of funds	Uses of funds
National Commercial Bank	1970	62	deposits, capital and reserve	Loans and credit facilities
Umma Bank	1969	57	Deposits, capital and reserve	Loans and credit facilities
Gumhouria Bank	1969	85	Deposits, capital and reserve	Loans and credit facilities
Sahara Bank	1964	53	Deposits, capital and reserve	Loans and credit facilities
Wahda Bank	1970	76	Deposits, capital and reserve	Loans and credit facilities

Note. Constructed by researcher on the basis of data gathered from Libyan Central of Bank (2006, 2007, 2008)

2.3.4.2 The Private Commercial Banks

Five public commercial banks worked in the field of banking in Libya until 1993, when the Central Bank of Libya issued Law No. 1 of 1993. This gave the opportunity to the private sector to establish commercial banks in order to develop a role for the domestic sector in economic activity. The Bank of Commerce and Development, which began its operations in 1994, was the first private commercial bank established in Libya. In addition to this bank three other private banks that have been established. These banks are the Alaman bank, the Alajmaa Al-Arabi bank and the Alwafa bank. Table 2.7 below shows further details of these banks.

Table 2.7 Libyan commercial private banks

Name of the bank	Date of establishment	Branches number	Paid-up capital (million dinar)	Capital and reserves in 2006
Development and Commerce Bank	1996	28	28.2	47.1
Alaman bank	2000	21	3	3.6
Alajmaa Al-Arabi bank	2003	9	3	3.1
Alwafa bank	2004	4	5	5

Note. Constructed by researcher on the basis of data gathered from Libyan Central of Bank (2006, 2007, 2008)

2.3.5 Specialised Banks

In addition to commercial banks, the Libyan banking sector also has three specialized banks which aim to support the development of key economic sectors. According to article 65 of Libyan Banking Law No. 1 (2005) the main purpose of such specialized banks is to finance and grant credit for specific activities where their basic activities do not include the acceptance of demand deposits. The Libyan Central Bank divided the specialised banks into three types (Agricultural Bank, Bank for Real Estate Investment and Savings, Development Bank). As their titles indicate, they work in different fields according to their type of activity to support the development of key economic sectors. These banks supply the different sectors with loans needed for projects owned by the Libyan Government or to private sector projects (Central Bank of Libya, 2006). A summary of these banks is shown in table 2.8 below and the following sectors give a brief explanation of these banks.

2.3.5.1 The Agricultural Bank

Prior to the oil discovery, the Libyan economy was dependent on agriculture. The Agricultural Bank is one of the major tools of the agricultural revolution in the national economy for more than 45 years. It was established in 1955 and started operations in 1957 with a capital of one million Libyan Dinars fully paid by the government. This funding was increased to 450 million and 454 million Dinars in 2002 and 2005 respectively to support and improve the agricultural sector of the country through offering agricultural credit and sustenance to fight plant disease, as well as to provide assistance to cope with other agricultural problems (Libyan Central of Bank, 2006).

2.3.5.2 The Real Estate Saving and Investment Bank

The bank was established according to Law No. 2 of the year 1981 with an authorised capital of 100 million dinar financed totally by the government (Central Bank of Libya, 2006). The law specified that half of the bank's capital was to be invested in industrial projects and the rest in construction projects (Otman and Karlberg, 2007). The bank aims to support and improve the construction industry in Libya through offering construction loans and issue of debentures and certificate investment, implementing and managing construction projects for itself and others owning, constructing, and buying

trust deeds of properties and establishing and owning construction companies or participating in them (Central Bank of Libya, 2006).

2.3.5.3 The Development Bank

This bank was established according to Law No. 8 of 1981 and began operations in the same year with an authorized capital of one hundred million dinars fully paid by Libyan government (Otman and Karlberg, 2007). The bank offers loans to finance the investments required for industrial and productive activities for supporting the process of development in Libya and for building an industrial base to help increase and diversify production.

Table 2.8 Libyan specialized banks “Million Libyan Dinars”

Name of Bank	Date of establishing	Capital up to 2006	Type of activity	Branches Number
The Agricultural Bank	1955	454	Agricultural	45
The Real-Estate Saving and Investment Bank	1981	1101.5	Real	37
The Development Bank	1981	628.8	Industrial	28

Note. Constructed by researcher on the basis of data gathered from Central Bank of Libya, (2006, 2007, 2008)

2.4 Non-Bank Financial Institutions

Libyan Non-bank financial institutions are one of the components of the financial sector in the Libyan economy (Central Bank of Libya, 2008). It is in the form of sovereign wealth funds entrusted to investing surplus oil revenues. The following shows these institutions:

2.4.1 The Libyan Stock Market

After many efforts and initiatives issued on 03 / 06 / 2006 the decision of General People's Committee No. 134 established the Libyan stock market with a capital of 20 million Libyan dinars to facilitate the development of the (Central Bank of Libya, 2006) financial and monetary institutions and their contribution to economic activity. Since the establishment of this ten companies are listed (as of 31/03/2009); Table 2.9 below provides more details of these companies.

Table 2.9 Companies Listed in the Libyan Stock Market as at the End of March 2009

N	Name of company	Capital	Shares Number	Nominal value per share
Backing Sector				
1	Wahda Bank	108,000,000	10,800,000	10
2	Sahara Bank	252,000,000	25,200,000	10
3	Development and Commerce Bank	50,000,000	5,000,000	10
4	Assaray Bank for Commerce and Investment	33,333,330	3,333,333	10
5	Jamahiriya Bank	200,000,000	20,000,000	10
Insurance Sector				
1	Sahara Insurance Company	15,000,000	1,500,000	10
2	United Insurance Company	10,000,000	100,000	100
3	Libyan Insurance Company	70,000,000	7,000,000	10
Investment and Services Sector				
1	Company of Libyan Stock Market	50,000,000	5,000,000	10
Industry Sector				
1	Ahlia Cement Company	600,000,000	60,000,000	10

Source: Libyan Stock Market Report (2009)

2.4.2 Insurance Companies

The Libyan Company for Insurance was the first national insurance company registered in Libya. It was established in 1964 with a capital of one hundred thousand Libyan dinars. In recent years the insurance industry in Libya, backed by an open market and foreign investments, has witnessed significant development so keeping pace with the growth witnessed by national economy. The number of insurance companies practicing in Libya up to 2006 totalled five companies. Table 2.10 below shows detailed data on these companies.

Table 2.10: data about insurance companies practicing in Libya up to end-2006 “Million Libyan Dinar”

Company Name	Starting Data	Capital	Insurance-Types	Employees Number	Branches Number
Libyan Company Insurance	1964	50	Life, marine, car and fire insurance	1307	19
United Company Insurance	1999	10	Life, car, fire, accident and transport insurance	201	6
African Company Insurance	2004	10	Life, transport, accident, ships and airplanes, oil and fire insurance	94	6
Sahara Company Insurance	2005	10	Life, transportation, accident, money and fire insurance	58	4
Libo Company Insurance	2005	10	Life, car, fire, accident, transport, money and insurance	67	4

Sources: Libyan Central of Bank (2007 and 2008)

2.4.3 Social Security Fund

The Social Security Fund was established under Law No. 13 of 1980 on social security. The main tasks of the fund focus on securing the basic needs of the insured person and the members of his family and provided the insured with reassurance about their future (Central Bank of Libya, 2006). In this regard, the law set this fund to achieve a number of objectives using 16 branches and 57 offices spread all over the country, most notably:-

- Ensure the basic needs of the insured and his family by providing a steady income during the period of disruption of his/her capacity to work temporarily or permanently.
- Sensitivity to the needs of the insured so they can be reassured of their future and the future of his family in order to achieve stable employment for the insured as catalyst for further constructive work.

Further information regarding the Libyan social security fund is shown in table 2.11 below

Table 2.11 Further information regarding the Libyan pension fund as at the End 2008

Number of branches and offices	Number of employees	Number of Pensions security	Number of beneficial of Pension security	Received pension	Income
73	5246	334768	1252519000	1400000	1355036005

Note. Constructed by researcher on the basis of data gathered from Libyan Central of Bank (2006, 2007 and 2008) and pension fund (2008)

2.4.4 Foreign Exchange and Financial Services Company

Foreign Exchange and Financial Services Company is a joint stock Libyan company established in accordance with the decision of the General Peoples' Committee No. 611 of 1994 and the Secretary of the General People's Committee for Economy and Commerce decision No. 327 of 1994 with a capital of L.D. 7 million Libyan dinars. The amount was paid in full and equally among the shareholders (Central Bank of Libya, 2006). It has seventeen branches and agencies in Libyan cities. The company started operating officially on November 15, 1994. It undertakes financial services and foreign exchange work inside Libya for example:

- 1- Selling and buying of foreign currencies.
- 2- Issuing and marketing of traveller's cheques.
- 3- Issuing of credit cards and other means of payments.
- 4- Buying and selling of securities and shares and other banknotes.
- 5- Ownership of movable assets and real estate as company may need to carry out its activity.
- 6- International and locally transfer money.

2.4.5 Libyan Arab Foreign Investment Company

This is a Libyan joint-stock company and was established under Law No. 6 of 1981 with a capital of 500 million Libyan dinars to run, control and manage Libyan investment funds abroad in numerous sectors such as agriculture, tourism, industry, marine fisheries and transportations (Central Bank of Libya, 2006). The company's investments until 31/12/2006 reached 1.885 billion Libyan dinars, divided between long-term investments and investments of short-and medium-term. These investments are distributed geographically in different regions of the world such as North Africa, Europe, the Americas and Asia

2.4.6 Libyan Arab African Investment Company

This is a Libyan joint-stock company and was established by the provision of the General People's Committee No. 660 of 1990 for investment of Libyan funds in African countries (except Arabic countries) (Central Bank of Libya, 2006). The company's provision now covers more than 25 African countries. The main goal of this company is to generate revenues for the shareholders, to promote inter-African trade, to assist an exchange of technology and to integrate the African countries economies, regionally and globally in the sectors of agriculture, industry, mining, fishing and maritime transport, trade and financial investments.

2.5 Summary

This chapter has provided an overview of Libya's historical and economic background and the development of the banking industry in Libya in an attempt to contextualise the empirical evidence that follows later in the thesis. The chapter has examined the historical development in Libyan economy in general and especially that of the banking sector. This chapter has also provided a brief review of Libyan banking and non-banking institutions.

CHAPTER THREE

AN OVERVIEW OF SERVICE QUALITY

3.1 Introduction

There is substantial literature regarding service quality. Academic journals such as International Journal of Bank Marketing, International Journal of Service Industry Management, Managing Service Quality and Journal of Marketing and books such as Service Management and Marketing by Grönroos, (1990, 2000) and Delivering Quality Service - Balancing Customer Perceptions and Expectations by Zeithaml *et al.*, (1990) and Services Marketing by Zeithaml and Bitner, (1996) are published. Moreover, there are various overviews and ideas for definition and measurement of service quality. Service quality is an important topic within this subject area and thus highly relevant to this research.

The goal of this chapter is to provide a review of the principal literature relating to this study, which is service quality. The study of the literature in this chapter focuses mainly on the definition of quality and service quality, a brief review of the relationship between service quality and customer satisfaction. Then, conceptualization of service quality which included dimensions and models of service quality with concentration on the SERVQUAL model as an instrument which will be used as the method for this study.

3.2 Importance of service quality

Since the late 1970s, there has been a growing realization of the importance of services in the world economy. Therefore, several researchers have repeatedly underlined the importance of quality improvement initiatives in achieving a sustainable competitive advantage (Zeithaml *et al.*, 1990). Service industry companies play a growing role in the global economy. These companies started using various approaches to improve and provide superior quality of service to meet the needs of their customers (Sureshchandar *et al.*, 2001).

There have been studies that confirmed the huge benefits of service quality. They showed that the provision of high quality service aids in achieving many benefits such as: Buzzell and Gale, (1987) found a positive relationship between service quality and

organization' performance. They indicated high service quality led to higher market share, higher return on investment and asset turnover.

Lewis, (1989) studied quality in the service sector and noted that service is considered a key element of competition. Organizations, therefore, must concentrate on service quality to understand what service quality consists of, its definition, and how it can be measured (Iacobucci *et al.*, 1994) and then to sort out itself from other organizations in the market place (Morre, 1987).

In addition many researchers have proved the importance of service quality to customer satisfaction and their influence on loyalty and market share, increased productivity, improved financial performance, profitability and lower costs, improved employee morale and lower staff turnover (Anderson *et al.*, 1994; Berry *et al.*, 1985; Bolton and Drew, 1991; Caruana, 2002; Jabnoun and Al-Tamimi, 2003; Julian and Ramaseshan, 1994; Lewis 1989, 1991, 1993; Lassar *et al.*, 2000; Lewis *et al.*, 1994; Llosa *et al.*, 1998; Newman, 2001; Reichheld and Sasser, 1990; Wang *et al.*, 2003).

3.3 Defining quality and service quality

Service quality is one of the most important topics of research in services. Nielsen and Host (2000) points out the problem of the lack of common understanding of the definition of service quality. Consequently it is essential and a prerequisite to understanding the term of service quality.

3.3.1 Defining quality

Quality is often considered one of the keys to success. It is one of the main concerns of firms and it is a strategic variable which affects production and marketing strategies in many service companies. Thus, a key existing problem facing the banking industry is the determination of a clear and precise definition of quality (Bowen and Hedges, 1993).

Although there is no consensus about the definition of quality, researchers have defined quality in different ways. It has been defined by Crosby (1979) as conformity to needs, excellence of anything (Chaplin, 1981), fitness for use (Juran *et al.*, 1988), perceived quality by the customers (Grönroos, 1990), creation of value for the customer (Edvardsson and Mattesson, 1993) and the importance and essence of customer's judgments (Zeithaml *et al.*, 1993).

Many researchers have suggested that quality is about focusing on meeting customer needs and requirements (Crosby, 1979 and Yi, 1990). Quality is frequently defined as meeting and exceeding customer expectations.

Crosby, (1979) defines quality as conformity to requirements which implies the setting and achieving of standards across a range of criteria. Holbrook and Corfman, (1985) suggest that quality is a global concept of value.

According to Olshavsky, (1985) quality is a type of over all evaluation of a product, similar in many ways to attitude.

Quality is defined by Parasuraman *et al.*, (1985) as meeting customers' expectations. This definition is supported by Lewis, (1993) who indicates that quality represents the degree that service delivered matches customer's expectations on a consistent basis.

Sahney *et al.*, (2004) suggest keeping it simple. They state that quality is derived from the Latin word *qualis*, meaning, "what kind of". It has a wide variety of meanings and connotations attached to it and is hence a slippery concept. There is therefore no consensus definition. And quality has been defined from different perspectives and orientations.

Quality occurs during service delivery, usually in an interaction between the customer and contact personnel of the service firm (Zeithaml *et al.*, 1988). Gilmore, (1974) on the other hand, argues that the quality is the degree to which a specific product satisfies the wants of a specific consumer.

Quality is considered an elusive or a nebulous construct because of the distinctive features: intangibility, inseparability of production and consumption, heterogeneity and perishability that differentiate services from physical goods (Zeithaml *et al.*, 1985 and Cronin and Taylor, 1994)

Parasuraman *et al.*, (1985: 42) indicated that research on services quality becomes difficult owing to three characteristics that are inherent in services: intangibility, heterogeneity and inseparability between production and consumption. They suggested three underlying ideas after reviewing the previous studies on services:

- (1) Service quality is more difficult for the consumer to evaluate than goods quality,
- (2) Service quality perceptions result from a comparison of consumer expectations with actual service performance, and
- (3) Quality evaluations are not made solely on the outcome of service; they also involve evaluations of the process of service delivery.

International Organisation for Standardisation 9001 (ISO 9001) is the internationally recognised standard for an organisation’s internal Quality Management. ISO 9001 is focused on meeting quality requirements as defined by customer needs. According to this standard the standardized definition of quality refers to all those features of a product (or service) which are required by the customer.

Grönroos, (2000) attempted to summarise the main differences between services and physical goods characteristics. His effort is demonstrated in Table 3.1

Table 3.1 Differences between Services and Physical Goods

Physical Goods	Services
Tangible	Intangible
Homogeneous	Heterogeneous
Production and distribution separated from consumption	Production and distribution and consumption simultaneous processes
A thing	An activity or process
Core value produced in factory	Core value produced in buyer-seller interactions
Customers do not (normally) participate in the production process	Customers participate in production
Can be kept in stock	Cannot be kept in stock
Transfer of ownership	No transfer of ownership

Source: Gronroos (2000) P 28

Service specifications reflect intangibility, heterogeneity and inseparability and differ from specifications of goods such as durability and number of defects. Service quality is an indistinct construct that may be difficult to measure, (Parasuraman *et al.*, 1988). Consequently, service firms to compete successfully in the future have to develop their service quality by defining how service quality is perceived by the customers and determining in what ways service quality is influenced (Grönroos, 1984).

3.3.2 Defining service quality

Service quality is a concept that has stimulated significant interest and debate in the research literature because of the difficulties in both defining it and measuring it (Wisniewski, 2001). A clear and precise definition of service quality is a key problem facing the banking industry. Researchers therefore, have studied the concept of service quality for several decades and focused on different aspects of service. There is no consensus with respect to the conceptualization of service, (Cronin and Taylor, 1992; Rust and Oliver, 1994 and Al –Marri *et al.*, 2007).

Definitions of service quality revolve around the idea that it is the result of the comparison between customer's expectations about a service and their perception of the way the service has been performed (Grönroos, 1984 and Parasuraman *et al.*, 1985, 1988, 1991 and 1994). However, Cronin and Taylor, (1992) based on the idea that "service quality should be measured as an attitude", measured service quality through concentration on 22 perceptions items of SERVQUAL scale without any consideration of expectations.

On the other hand, there have been many researchers that defined service quality as a discrepancy between customers' service perceptions and expectations. If expectations are greater than performance, then perceived quality is less than satisfactory and hence customer dissatisfaction occurs, (see for example, Lewis and Booms, 1983; Grönroos, 1984; Lewis and Mitchell, 1990; Zeithaml *et al.*, 1990; Boulding *et al.*, 1993 and Asubonteng *et al.*, 1996).

Grönroos, (1984) define service quality as follows: *the perceived quality of a given service will be the outcome of an evaluation process, where the consumer compares his expectations with the service he perceives he has received, i.e., he puts the perceived service against the expected service.* The result of this process will be the perceived quality of the service (Grönroos, 1984: 37).

Customer perceived service quality defined by Parasuraman *et al.*, (1985) as a global judgment or attitude, relating to superiority of excellence of service. And many researchers in the service quality literature agree with this definition such as (Bitner, 1990; Bolton and Drew, 1991 and Cronin and Taylor, 1992) in which they claim the construct of perceived quality as the difference between perceptions and expectations.

Perceived service quality results from a comparison of customer's expectations with their perceptions of service delivered by the provider (Kagnis and Voukelatos, 1997). Thus, in the banking sector perceived service quality results from the difference between customers' perceptions of the service offered and their expectations with regard to the bank offering the expected service.

Customer satisfaction is depended on concepts such as individual wants, needs and expectations. These concepts emerged from theories about consumer choice for goods and services, which are sought to meet needs and wants. Moreover, Most researchers agree that satisfaction is an attitude or evaluation that is formed by the customer comparing their pre-purchase expectations of what they would receive from the product to their subjective perceptions of the performance they actually did receive (Oliver, 1980). On the other hand, Zeithaml *et al.*, (1993) stress that customer satisfaction is a function of the customer's assessment of service quality, product quality and price.

The disconfirmation theory is the primary foundation for satisfaction models. According to this theory, satisfaction is determined by the discrepancy between perceived performance and cognitive standards such as expectations and desires (Khalifa and Liu, 2002). This definition has been considered by some researchers such as Kotler, (2000). They define customer satisfaction as the customers' perceptions that a provider has met or exceeded their expectations.

The above definitions have understood and confirmed the importance of the relationship between service quality and customer satisfaction. This relationship is given further importance to service providers to engender customer loyalty. The marketing literature suggests that customer loyalty is seen in terms of attitude and behaviour (see for example: Jacoby and Kyner, 1973 and Egan, 2004). Customer loyalty, therefore, expresses an intended behaviour related to the service or the company.

Several authors have found a positive correlation between service quality; customer satisfaction and loyalty (Grönroos, 1978, 1982; Parasuraman *et al.*, 1985; Reichheld and Sasser, 1990; Sewell and Brown, 1990; Jones and Sasser, 1995; Heskett *et al.*, 1997 and Anderson and Mittal, 2000).

3.4 Service quality and customer satisfaction

The relationship between service quality and customer satisfaction has attracted many research studies. But the nature of the exact relationship between service quality and customer satisfaction is still ambiguous (Sureshchandar *et al.*, 2002). Thus, there have been many researchers who examined the relationship between service quality and customer's satisfaction and they have shown that there is a link between all the service quality dimensions and customer satisfaction (Cerchiaro and Ayrosa, 2006; Abdul Razak and Chong, 2007).

Service quality and satisfaction are distinct constructs (Bolton and Drew, 1991; Parasuraman *et al.*, 1988) in which perceived service quality is a form of global attitude relating to the superiority of the service, whereas satisfaction is related to a specific transaction. Parasuraman *et al.*, (1988) showed that in measuring perceived service quality the level of comparison is what a customer should expect, whereas in measures of satisfaction the appropriate comparison is what a customer would expect. Therefore, this distinction is important to researchers and managers because service providers need to know whether their objective should be to have customers who are satisfied with their performance or to deliver the maximum level of perceived serviced quality (Cronin and Taylor, 1992).

3.4.1 Importance of the relationship between service quality and customer's satisfaction

Importance of service quality and customer satisfaction represent the ultimate goals of service providers who should try to continuously improve both service quality and customer satisfaction in order to enhance their business performance (Sureshchandar *et al.*, 2002). Newman and Cowling, (1996) on the other hand, indicated that high levels of customer satisfaction represent a key factor linking service quality and corporate profitability.

Service quality has become an important research topic owing to its strong impact on customer satisfaction (Bolton and Drew, 1991 and Boulding *et al.*, 1993) and customer loyalty (Caruana, 2002 and Koutouvalas and Siomkos, 2006).

The relationship between customer satisfaction and service quality is an important topic in the service quality literature because understanding the antecedents to and outcomes of customer satisfaction is a critical issue for both bank marketers and academics that are keen on accurately measuring service quality in order to better understand its essential antecedents and consequences. Therefore, many studies have attempted to establish the relationship between service quality, customer satisfaction and customer loyalty (Grönroos, 1978, 1982; Parasuraman *et al.*, 1985; Reichheld and Sasser, 1990; Sewell and Brown, 1990; Jones and Sasser, 1995; Heskett *et al.*, 1997 and Anderson and Mittal, 2000). These studies acknowledged a strong positive relationship between service quality and satisfaction and determined whether customer satisfaction influences behavioural tendencies more than service quality does or the opposite prevails. More specifically, Considerable debate exists regarding whether service quality precedes satisfaction or in the alternative, does satisfaction precede service quality?

Some of these works interpret perception of service quality as an outcome of satisfaction (see for example, Anderson and Sullivan, 1993; Bitner, 1990; Bolton; Drew, 1991 and Parasuraman *et al.*, 1988) and other works explain service quality as a vital antecedent of customer satisfaction (see for example, Cronin and Taylor, 1992; Spreng and Mackoy, 1996; Yaves, 1997).

As mentioned earlier, the relationship between customer satisfaction and service quality is given further importance to service providers to stimulate customer loyalty. Gremler and Brown, (1996) therefore, argue that service quality and satisfaction are prerequisites for customer loyalty. On the other hand, Taylor, (1997) found interactive effects between customer satisfaction and service quality as predictive indicators of customer loyalty.

Parasuraman and Grewal, (2000) indicate that perceived service value plays the key role as a determinant of customer loyalty. Moreover, Caruana, (2002) found that service quality is an important element to customer satisfaction which played a mediating role in the effect of service quality on service loyalty

3.5 Customers' expectations and perceptions of service quality

Many researchers have showed that service quality improvement is driven by customer expectations and perceptions of this quality. In the last decade many researchers have

attempted to measure service quality to provide signs to organizations and consumers which may help them to better understand expectations and perceptions regarding service quality. Lewis and Entwistle, (1990) note that increased customer expectations and perceptions make it imperative for organizations to evaluate customer needs.

Customer's expectations and perceptions of service quality have been considered as an imperative instrument influencing consumer evaluations of service quality (Parasuraman *et al.*, 1985). It is increasingly used to predict company profitability and to improve market share and performance. Moreover, attraction of customers relies on understanding service providers and researchers in consumers' expectations and perceptions of service quality (Pariseau and McDaniel, 1997).

3.5.1 Customers' expectations of service quality

The importance of expectations in evaluations of service quality has been documented in the service literature (Sweeney *et al.*, 1992; Brown and Swartz, 1989). Expectations of customers play a major role in the consumer decision making process (van Raaij, 1991 and Spring *et al.*, 1993) which influence consumer decisions related to brand or type of product or service. In the post purchase stage, expectations form the basis of evaluations of service quality (Parasuraman *et al.*, 1988 and Brown and Swartz, 1989) and customer satisfaction (Oliver, 1980; Kurtz and Clow, 1998).

Perceived service quality has been defined as the consumer's judgement about the superiority or excellence of the service (See for example Parasuraman *et al.*, 1985; 1988 and Zeithaml, 1988). They have showed that perceived service quality results from comparisons by consumers of expectations with their perceptions of service delivered by the suppliers (Takeuchi and Quelch, 1983; Parasuraman *et al.*, 1988; Zeithaml, 1988; Zeithaml *et al.*, 1990 and Lewis *et al.*, 1994).

According to Parasuraman *et al.*, (1988) expectations of service quality are defined as consumers' desires or wants, i.e., what they feel a service provider should offer rather than would offer. Carman, (1990) also suggests that service quality expectations involve "norms" and that these "norms" are based on past experience. Teas, (1993) define expectations as a set of beliefs held by users about a product or service performance. On the other hand, Zeithaml *et al.*, (1993) describe service expectations as beliefs about

service delivery that function as standards or reference points against which performance is judged.

Oliver, (1980) stresses that customers will judge that quality is low if performance does not meet their expectations and quality increases as performance exceeds expectations. Hence, customers' expectations serve as the foundation on which service quality will be evaluated by customers.

On the other hand Zeithaml and Bitner, (1996) suggest that a variety of service expectations are held by customers. The first factors that influence desired service, called personal needs and lasting service intensifiers such as temporary and individual needs relating to service present the five factors which influence adequate service (temporary service intensifiers, perceived service alternatives, customer self-perceived service role, situational factors, predicted service).

Researchers point out that consumer may use multiple types of expectations in their satisfaction evaluation process (Cadotte *et al.*, 1987 and Tse *et al.*, 1990). However, most of these researchers referred to normative and predictive expectations. Normative expectations are generally conceptualized as consumers' ideal level of service which can be referred to as desires. Predictive expectations are generally defined as customer beliefs about the level of service that a specific service firm would be likely to offer. These expectations are frequently used as a measure of reference against which satisfaction judgments are made (Churchill and Surprenant, 1982).

3.5.2 Customers' Perceptions of service quality

There are number of definitions that refer to the importance of the customer's perceptions of quality and which emphasise that the consumer's attitudes or judgements resulting from comparisons of consumers' expectations of service with their perceptions of actual service performance (Berry *et al.*, 1988). However, some other researchers have showed that service quality was only influenced by perceptions (Carman, 1990; Cronin and Taylor, 1992 and Babakus and Boller, 1992).

Perceptions are defined also as consumers' beliefs regarding the service received (Parasuraman *et al.*, 1985) or experienced service (Brown and Swartz, 1989).

Other studies indicated that a perception of high service quality results in a high level of purchase intentions (Boulding *et al.*, 1993, Taylor and Baker 1994, Zeithaml *et al.*, 1990).

Four primary factors influence customer perceptions of service. These are service encounters or “moments of truth”, evidence of service and image and price.

Price (important factor in formation of customers’ perceptions who expect that a higher price will result in a higher quality and encourage them to continue with these organisations)

Service encounters or “moments of truth” (tangible cues such as the equipment and physical setting are important determinants of service quality), evidence of service (often reflected in employees, process and physical evidence) and image is the set of perceptions related to the associations held in the consumer’s memory and can be specific (hours of operation and ease of access), or of an intangible nature (trustworthiness, tradition, reliability) (Zeithaml and Bitner, 1996; Ugboma *et al.*, 2004).

The relationship between perception and attitude in terms of definition, perceptions is how you perceive the world (how you see it) and the attitude, is how you act towards it. Furthermore perception is the human subjective experience of information provided by the senses whereas Attitude is what the individual Thinks about the perception.

In other words the difference between these two psychological domains lies in the fact that every single stimulus forms a perception, while attitude is a consequence of learning about a product/brand, which in turn is the outcome of perception(s). Consumers may have different needs for cognition. As such, consumer learning comes from multiple stimuli leading to multiple perceptions. Thus Perception is the method or way of thinking or point of view. Some people called it paradigm. It is the filter of any input based on our beliefs. Whereas Attitude is what we act or react. How we perform our thinking is our attitude. Our action is depending on our attitude

In a summary, consumers first perceive, learn from perception/s (on account of single or multiple stimuli depending on their need for cognition) and then form attitudes, which dictate their purchase decisions.

Therefore SERVQUAL is about perception as it has been said that performance perception will result in customer satisfaction and customer delight. In other words, it is the importance of the customer's perceptions of quality, that emphasise the consumer's attitudes or judgements resulting from comparisons of consumers' expectations of service with their perceptions of actual service performance.

3.6 Bankers' perceptions of customers' expectations

Delivering high levels of service quality becomes a crucial element for success. Since customers' perception of service quality depends on the interaction between the customers and the employees (Wangenheim *et al.*, 2007).

As mentioned earlier, there are many researchers who conceptualized service quality as a gap between customers' expectations and perceptions of service quality such as: Lewis, (1991); Athanassopoulos, (1997); Kangis and Voukelatos, (1997); Sharma and Mehta, (2005) and Petridou *et al.*, (2007). There are a few studies also focused on the measurement of service quality from customers and employees viewpoints and examining the relationship between customers and employees perceptions (Seiders, 2009 and Young *et al.*, 2009). Athanassopoulos, (1997) showed that the gap between customers' expectations and perceptions of the service quality may be insufficient to capture the full potential of the service experience. The service quality and customers satisfaction literature has focused on customers' standpoints and has largely ignored the standpoints of employees about service provision (Mindak and Folger, 1990 and Athanassopoulos, 1997). Moreover, there are few researches carried out regarding assessing the service providers' understanding of the satisfaction of their customers (Athanassopoulos, 1997). Therefore, some researchers indicated the necessity of involving all parties concerned with the service process and not to rely exclusively on customers' views and comparing their expectations and perceptions of the service quality provided (Bitner *et al.*, 1990; Edvardsson *et al.*, 1994 and Athanassopoulos, 1997).

Service quality researchers have noted the importance of examining attitudes of both customers and employees when managing service quality (e.g., Schneider *et al.*, 1980). Previous studies on the other hand, have concluded that employees are good sources of information on customer attitudes (Schneider *et al.*, 1980; Schneider and Bowen, 1985

and Bitner *et al.*, 1994). Therefore, a strong desire element is a prerequisite for good service when choosing people to work in service occupations (Schneider *et al.*, 1980) so that they are able to assess and adjust their customer's expectations and needs of service quality and then their satisfaction in real time (Seiders, 2009).

Schneider *et al.*, (1980) point out that data should be collected from both employees and customers when evaluating service firms. Other researchers have argued that employees are good sources of information on customer attitudes (Schneider *et al.*, 1980; Schneider and Bowen, 1985 and Bitner *et al.*, 1994). Employees, on the other hand, play a key role and influence the provision and delivery of services to customers (Zeithaml *et al.*, 1990; Congram and Friedman, 1991 and Johnson, 1996). Organizations therefore, depend on their employees to collect information with respect to their customer's perceptions and attitudes about service quality delivered (Berry and Parasuraman, 1997 and Young *et al.*, 2009). Moreover, Schneider and Bowen, (1984) argue that organisations should use information gathered from employees in making strategic decisions.

Researchers stress that employees may differ in their expectations and perceptions of service quality (e.g., Parasuraman *et al.*, 1991 b; Young *et al.*, 1996; Redfern and Norman, 1999). Therefore, employees who have a longer time with their organization may become more proficient in obtaining and interpreting essential information for understanding and assessing their customers' expectations (Young *et al.*, 2008) who will be wholly satisfied with the quality of service provided if the employees meet consumer expectations accurately (Tse, Nicosia and Wilton, 1990).

Zeithaml *et al.*, (1990) indicate that companies that provide high service quality to their customers have expectations of service from their employees that are consistent with the expectations of customers. These companies, therefore, design and improve service delivery systems that are in line with customer expectations. Moreover, companies that have high service quality might believe their employees have the abilities to meet customers' expectations, while low service quality would mean the opposite. (Subramony *et al.*, 2004)

Grönroos, (1978) concludes that if firms wish to build stronger relationships with customers, this is enabling integrated service provision processes across the entire organization.

Silvestro and Johnston (1989) show that quality issues have to include all other participants and not to rely exclusively on customers' views. These findings were supported by Edvardsson *et al.*, (1994) who indicate including staff and owners in every model as well as customers because this will draw on processes and methods. Furthermore, Schneider and Bowen, (1995) support the important role of service providers where corporate objectives and customers needs occur simultaneously.

Service quality performance depends on employees who are both willing (motivated) and able (trained) to perform (Zeithaml *et al.*, 1990) but who are also available to build and maintain relationships with customers. This will influence the delivery of quality of services to customers as it impacts behaviour and thus performance (Zeithaml *et al.*, 1990). Therefore, organizations depend on their employees to collect information with respect to their customer's perceptions and attitudes about service quality delivered (Berry and Parasuraman, 1997 and Young *et al.*, 2009)

The successful provision of a service begins with the ability of management to assess the customers' expectations correctly. In a study of financial service Parasuraman *et al.*, (1985: 44) found similar discrepancies between management perception and guests' actual expectation, and concluded:

“In essence, service firms' executives may not understand what features connote high quality to consumers in advance, what features a service must have in order to meet customer needs, and what levels of performance on those features are needed to deliver high-quality service”

Lewis and Klein (1987) studied this gap by interviewing 23 upper-management staff and 116 guests in the hotel sector. They concluded that management's perception of guests' expectations were correct in 17 of 44 different hotel attributes. Parasuraman *et al.*, (1991) examined organizational barriers to delivering high-quality service performance as measured by customer expectations and perceptions in five service companies (i.e. a telephone company, two insurance companies, and two banks). Results of this study showed also that the gap between management perceptions of

customers' expectations was consistently small, this means that managers had a generally accurate understanding of customer expectation levels. These results support many researchers who examine this gap and indicated that managers have a good understanding of customer expectations (Nightingale, 1986; Lewis, 1987; Saleh and Ryan, 1991; Rigotti and Pitt, (1992); Coyle and Dale, 1993; Nel and Pitt 1993; Zeithaml and Bitner, (1996); Tsang and Qu, 2000 and Luk and Layton, 2002; Douglas and Connor, 2003). The reason for this small difference may be due to little direct interaction between employees with managers. Managers therefore, can enhance their knowledge of customer's expectations of the provided service through interacting with those responsible for providing the service. Furthermore, these findings supported also Choy *et al.*, (1986) and Wei *et al.*, (1989) studies which concluded that managers in the hotel industry in China lacked an understanding of tourists.

Employees may also misunderstand exactly customers' expectations (Mohr and Bitner, 1991). Hubbert *et al.* (1995) have found significant differences in this gap and that such discrepancies can jeopardize the interactions between these two groups. On the other hand, Klose and Finkle, (1995) examined the congruency of employees' perceptions and customer expectations of an electric utility in the western United States and showed also that the electric utility employees had a good understanding of customer expectations.

Some researchers believe that discrepancies in the perceptions of customer expectations between management and employees have to take into account when assess the service quality. For instance, Derrick *et al.* (1989) investigate the perceptions of quality across three levels of employees, including senior management executives, middle management staff, and front-line workers in a variety of industries. Findings of this study reveal that although there was similarity in the perception of quality at each level of employees, an agreement concerning the meaning of quality among them was lacking.

3.7 Conceptualization of service quality

Service quality has been the subject of considerable interest by both researchers and practitioners of service quality in recent years. Today, the competitive environment of the economy compels some companies to determine different ways to separate themselves from their competitors (Parasuraman *et al.*, 1988). Since service quality

appears to place the stage for these customer evaluations, many researchers and practitioners have strived to define, measure, and manage service quality perceptions. However, due to the intangible nature of services, many of these efforts have led to differing definitions and measurements of service quality that for years have restrained improvement in the services literature. Therefore, there are many researchers who have tried to improve the efforts of the existing conceptualizations of service quality whether through studying dimensions of service quality or improving models of this service.

3.7.1 Dimensions of service quality

Perceived service quality is a difficult concept to understand (Nielsen and Host, 2000). Although, service quality is found to be built on multiple dimensions (Grönroos, 1982, 1990 and Parasuraman et al., 1985), there is no general agreement to the nature or content of the service quality dimensions (Brady and Cronin, 2001).

Several studies have been conducted to find out service quality dimensions that contribute most significantly to relevant quality assessments in service firms. Determination of the service quality dimensions is a prerequisite for service firms so that they are able to identify define, measure, and improve customer perceived service quality (Johnston, 1997).

An appropriate understanding of the determinants of quality can be seen to have an increasing interest for banks in the competitive environment. Therefore, there have been numerous studies that considered service quality is the most important factor in the success of new financial services organizations and believed that a competitive edge in banking originates almost exclusively from service quality (Lewis, 1989; Bowen and Hedges, 1993; Asubonteng *et al.*, 1996). Due to this competition, bank service quality arises as an important factor that will affect the relevant market shares and profitability in the banking sector (Anderson *et al.*, 1994; Hallowell, 1996; and Caruana and Pitt, 1997).

Given these significant findings in the financial services industry, service quality is important to determine which elements of service quality are more important to which customers.

The component dimensions of service quality have been suggested by number of writers in different sectors. The most common and wide using of these dimensions is summarized in table 3.2 below and discussed below.

Table 3.2 dimensions of service quality

Year	Researchers	Sector	Dimensions
1984	Gronroos	Service business	- Technical quality - Functional quality - Corporate image
1988	LeBlanc and Nguyen	Financial institutions	- Contact personal - Internal organisation - Physical environment and instruments - Corporate image - Customer interaction and customer / personal interaction
1988	Parasuraman, et al	-Retail banking, credit card, securities brokerage, product repair and maintenance	- Tangibles - Reliability - Responsiveness - Empathy - Assurance
1988	Haywood-Farmer	Hotels	- Physical facilities and processes - People's behaviour - Professional judgment
1991	Saleh and Ryan's	Hospitality industry	- Conviviality - Tangibles - Reassurance - Avoid sarcasm - Empathy
1992	Bouman and Van der Wiele	Car service	- Courtesy - Tangibles - Faith
1992	Babakus and Boller	Electricity and gas	- Willingness - Ability to serve - Physical and psychological access
1994	Gagliano and Hathcote	Retail clothing sector	- Personal attention - Reliability - Tangibles - Convenience

Constructed by researcher on the basis of field data gathered as part of this investigation

Grönroos, (1984) examines a sample of service business executives and identified three dimensions of service quality: the technical quality, the functional quality and the corporate image. He identified also in (1988) six determinants of service quality as: Professionalism and Skills, Attitudes and Behaviour, Accessibility and Flexibility, Reliability and Trustworthiness, Recovery and Reputation and Credibility.

Parasuraman, *et al.*, (1985) analyse the service quality of four different services i.e. retail banking, credit card, securities brokerage, and product repair and maintenance and identified ten service quality dimensions: Tangibles, Reliability, Responsiveness, Competence, Courtesy, Credibility, Security, Access, Communication and

Understanding the customer. Subsequent research (Parasuraman *et al.*, 1988) refined these ten dimensions to five dimensions (Reliability, Tangibility, Responsiveness, Assurance and Empathy) which result in the SERVQUAL scale.

Haywood-Farmer, (1988) conceptualized a model of service quality and proposed the following quality dimensions: physical facilities and processes; people's behaviour and professional judgment.

LeBlanc and Nguyen, (1988) investigate service quality in the Canadian financial sector. This study identified five factors that measured the service quality of these institutions: the degree of customer satisfaction; the contact personnel; the internal organization; the physical environment and institutions and corporate image and the personnel /customer interaction during the service encounter.

Saleh and Ryan (1991) identified five factors that were notable in their hospitality industry research: conviviality, reassurance, avoid sarcasm as well as two dimensions of the SERVQUAL scale i.e. tangibles and empathy

Babakus and Boller, (1992) studied service quality in electricity and gas utility companies and they identified four dimensions. One of them the same dimension as Lewis (1991) i.e. (physical and psychological access) in addition to two other dimensions called willingness and ability to serve.

Bouman and Van der Wiele, (1992) measured service quality in the car service industry and identified three factors of service quality. They used two dimensions of SERVQUAL (Courtesy, Tangibles) as well as a dimension of Faith.

Gagliano and Hathcote, (1994) investigated customer expectations and perceptions of service quality in the retail clothing sector and defined four factors reliability, tangibles from SERVQUAL in addition to two new dimensions called personal attention and convenience.

(Buttle, (1994) cited that) Lehtinen and Lehtinen, (1982) define three dimensions of service quality. These dimensions are: physical quality (equipment, premises, and tangibles), corporate quality (image and profile of the organization) and interactive quality (interaction between personnel and customers)

As mentioned above, a wide debate regarding service quality dimensions but there are various researches on service quality dimensions have increasingly led to that the five dimensions of the SERVQUAL scale (Parasuraman *et al.*, 1988) i.e. tangibles, reliability, responsiveness, empathy and assurance are important predictors of service quality (Carman, 1990; Bolton and Drew, 1991; Cronin and Taylor, 1992; and Parasuraman *et al.*, 1991). Moreover, the component dimensions of service quality have been suggested by number of writers in different sectors.

3.7.2 Relative importance of service quality dimensions

Relative importance of service quality dimensions has been determined in many studies regarding the banking sector. Results of these studies noted that there is a clear difference about relative importance of dimensions.

Kwan and Hee, (1994); Angur *et al.*, (1999) and Abdul Razak and Chong (2007) used all items of the five SEVQUAL dimensions in similar banking environments (Singapore, India and Malaysia) to determine which dimension is the most important. Kwan and Hee and Angur *et al.*, rated that reliability and responsiveness are the most important whereas Abdul Razak and Chong, (2007) concluded assurance is the most important. However, Witkowski and Wolfinbarger, (2002) used 13 items of all SERVQUAL dimensions and in different environments (USA and Germany) and found that assurance is the most important predictor. On the other hand, Glaveli and Petridou *et al.*, (2006) used Bank Service Quality (BSQ) model and indicated that Effectiveness, price and reliability are the most important factors.

3.7.3 Models of service quality

The definition and measurement of service quality is real problem for service quality researchers and practitioners (Wisniewski, 2001). Therefore, the marketing literature has developed many theoretical models on service quality. Most of these models have variously defined the service as focusing on meeting needs and requirements, and how well the service delivered matches customers' expectations. These models have defined perceived service quality as a global consumer judgment or attitude, relating to service and results from comparisons by consumers of expectations of service with their perceptions of actual service performance (see, for example: Grönroos, 1984 and Parasuraman *et al.*, 1988).

Zeithaml *et al.*, (1990) propose that dimensions of service quality are relevant as the dimensions could provide service standards as a basis to achieving service quality. Moreover, they indicated that despite the different types of service analysed, customers used fairly similar criteria to build their perception concerning service quality. MacNeill, (1994) on the other hand, suggests that dimensions of quality require meet and even exceed customer expectations. Therefore, employees should have the ability to understand customer's needs and wants to face these requirements.

Due to difficulties associated with defining and measuring the concept of service quality, few efforts have been made to explain service quality through models. In the next section the most common major conceptual models will be discussed.

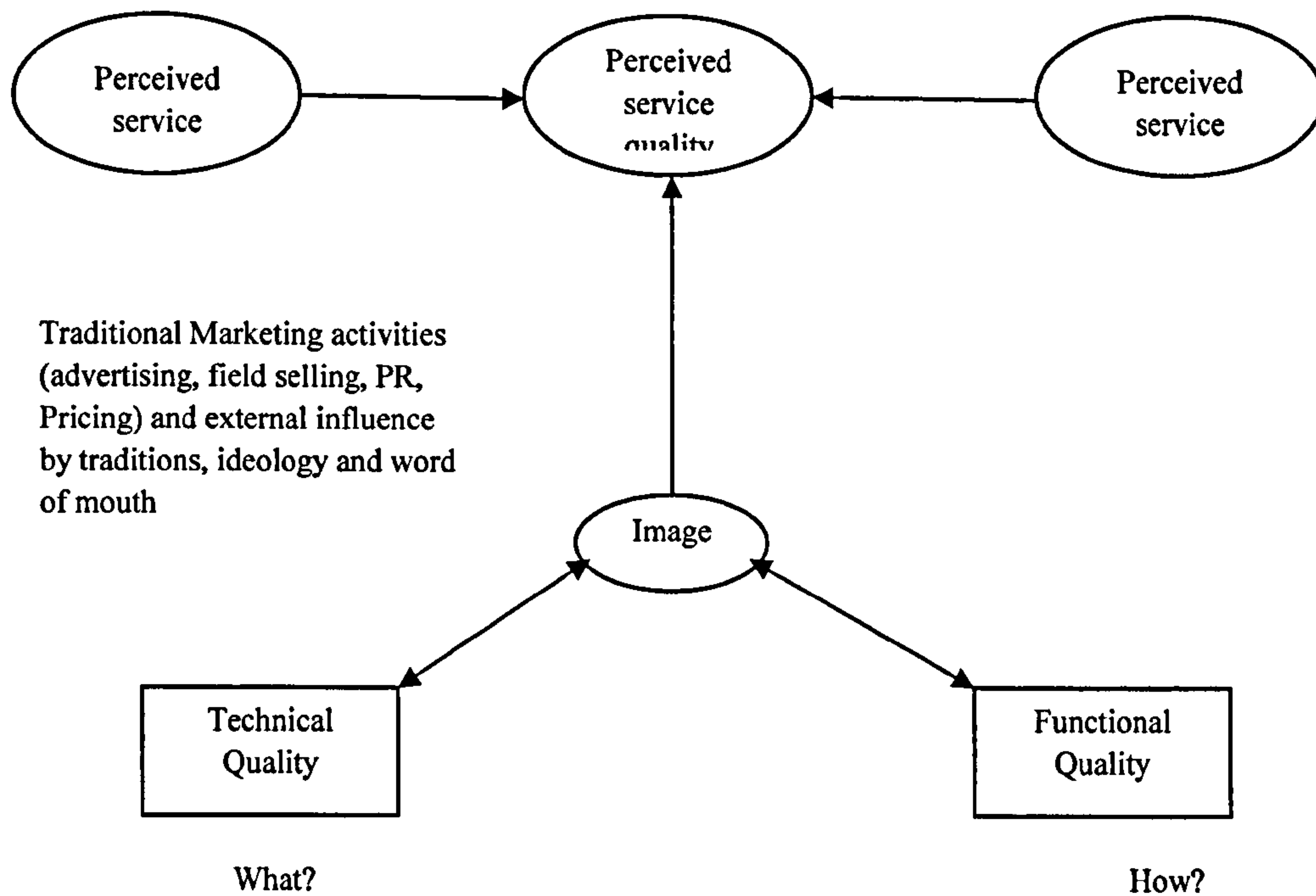
3.7.3.1 Technical and functional quality model (Grönroos, 1984)

According to Grönroos's model (1984), his assumptions are similar to those of the GAP model (Parasuraman *et al.*, 1985). This model theorized that, when perceived service is compared with expected service, it results in the customer's perceptions of service quality. They developed the conceptualization of service quality by examination of how technical quality and functional quality affect the expected and perceived service quality and found that customer's expectations are influenced by the organization's image. This image reverses how customers perceive the organization. This needs supporting employees to understanding, knowledge and providing the best service quality.

The author identified three dimensions of service quality as shown in figure (2-1). These dimensions focus on interactions between a service firm and its customers and typically relate to:

- (1) Technical quality is the quality of what consumers actually receives as a result of their interaction with the service firm and is important to evaluation of the service quality. This is the 'what' of the service encounter.
- (2) Functional quality is how the customer gets the technical outcome. This is important to views of service customer has received. This is the 'how' of the service encounter.

Figure 3.1 Technical and functional quality model



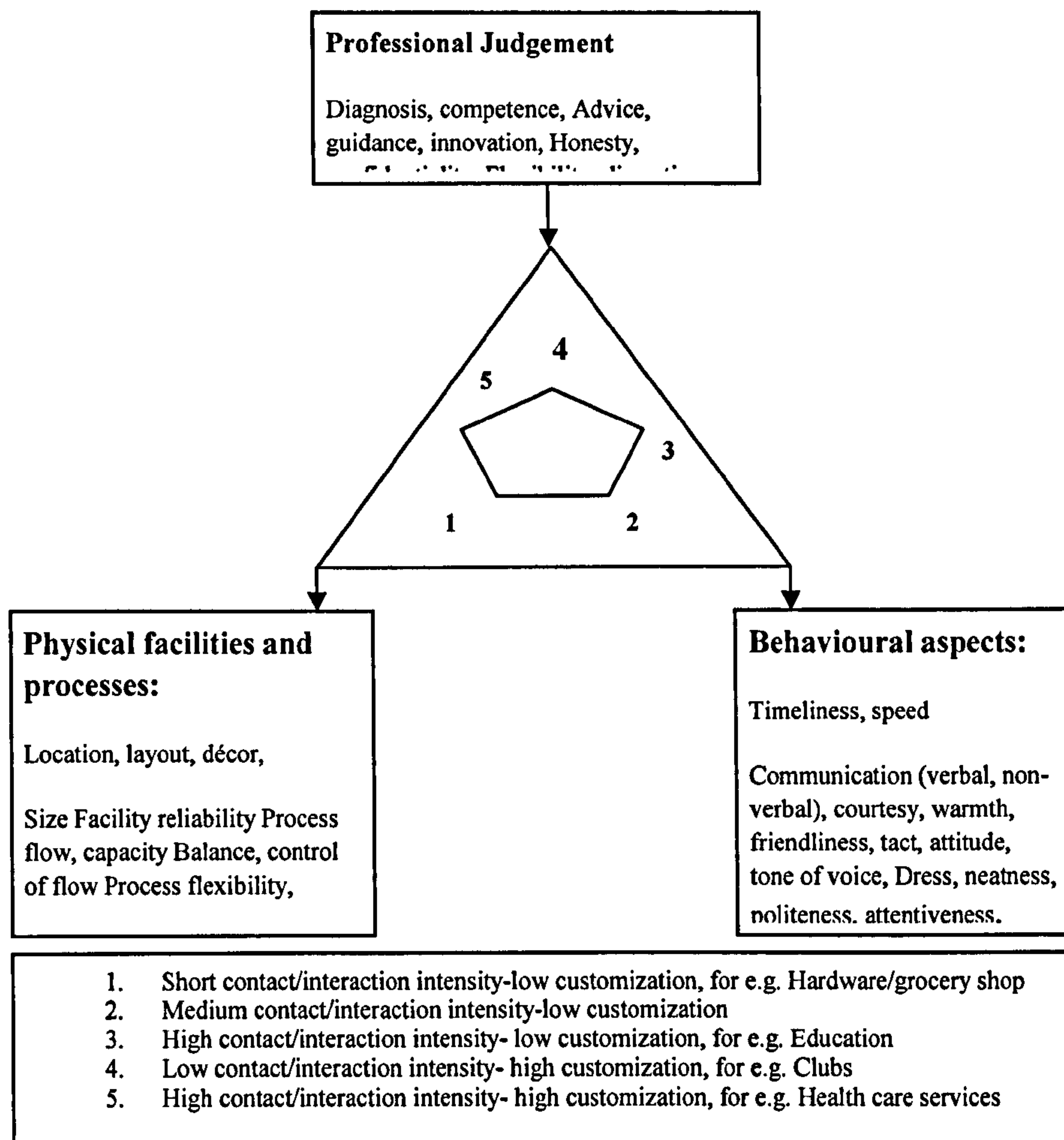
Source: Grönroos (1984)

(3) The corporate image dimension which is the result of how customers perceive a company. It is very important to service firms and this can be expected to build up mainly by technical and functional quality of service including the other factors (tradition, ideology, word of mouth, pricing and public relations).

3.7.3.2 Attribute service quality model (Haywood-Farmer, 1988)

Haywood-Farmer, (1988) suggested a model of service quality that should lead to such an understanding and shows how it applies to various types of service-producing organisation. He states that a service organization has “high quality” if it meets customer’s preferences and expectations. According to this, he separated attributes into various groups is the first step towards the development of a service quality model.

Figure 3.2 Attribute service quality model



Source: Haywood-Farmer (1988)

Haywood-Farmer (1988: 28) has stated that: ...“organizations in the service sector are highly diverse and that there are at least three important dimensions upon which they can be segregated for better management of quality”. He suggested a new three-dimensional classification scheme as shown in Figure 2-2 based on this idea.

These attributes include physical facilities and processes; people’s behaviour and professional judgment. Each attribute consists of several factors. To get good quality service, he separated interaction and customization on to different axes for developing a three-dimensional and showed that the appropriate mix of these three elements must be found and carefully balanced.

3.7.3.3 GAP model (Parasuraman *et al.*, 1985)

The research literature on service quality contains numerous models by different researchers across the world. However, the first attempt to measure the construct with a validated instrument called SERVQUAL was proposed by Parasuraman *et al.*, (1988). Their model suggested that service quality perceptions are formed by a comparison of pre-service encounter expectations with actual service delivery experiences.

The works of Parasuraman *et al.*, (1985, 1988, 1991, and 1994) led to the development of a service quality instrument (SERVQUAL) which is the result of a comparison of the expectations and perceptions of customers regarding a particular service. This model assumes that service quality is multidimensional concept and their dimensions contribute to the assessment of the service quality in any setting and across a broad variety of services.

SERVQUAL can be used to assess service quality of firms along each of the five service dimensions by averaging the different scores on items making up the dimension (Parasuraman *et al.*, 1988). The instrument has a range of potential applications and it can help a wide variety of service industries in assessing consumer's expectations and perceptions of service quality. It can also help in definition areas requiring attentions and achievements at any organization to improve service quality. SERVQUAL is useful in many service situations and allows the service company to determine the components on which it has to work to improve the global perception of its service quality, (Llosa *et al.*, 1998).

The conceptual foundation for SERVQUAL is designed to measure service quality as perceived by the customer. This scale was derived from the works of researchers who have examined the meaning of service quality and from a total of twelve focus group interviews with consumers of four different services i.e. retail banking, credit card, securities brokerage, and product repair and maintenance (Parasuraman *et al.*, 1985).

The initial results from the focus group interviews identified 97 items or attributes which were reduced to ten service quality dimensions generic to the service industry: Tangibles, Reliability, Responsiveness, Competence, Courtesy, Credibility, Security, Access, Communication and Understanding the customer, which are defined below in table 3.3.

Table 3.3 Definition of Original Ten SERVQUAL Dimensions

Dimension and Definition	Example of Specific Questions Raised By Customers
Tangibles: Appearance of physical facilities, equipment, personnel and communication materials.	<ul style="list-style-type: none"> • Are the bank's facilities attractive? • Is my stockbroker dressed appropriately? • Is my credit card statement easy to understand? • Do the tools used by the repair person look modern?
Reliability: Ability to perform the promised service dependably and accurately.	<ul style="list-style-type: none"> • When a loan officer says she will call me back in 15 minutes, does she do so? • Does the stockbroker follow my exact instructions to buy or sell? • Is my credit card statement free of errors? • Is my washing machine repaired right the first time?
Responsiveness: Willingness to help customers and provide prompt service.	<ul style="list-style-type: none"> • When there is a problem with my bank statement, does the bank resolves the problem quickly? • Is my stockbroker willing to answer my questions? • Are charges for returned merchandise credited to my account promptly?
Competence: Possession of the required skills and knowledge to perform the service.	<ul style="list-style-type: none"> • Is the bank teller able to process my transactions without fumbling around? • Does my brokerage firm have the research capabilities to accurately track market developments? • When I call my credit card company, is the person at the other end able to answer my questions? • Does the repair person appear to know what he is doing?
Courtesy: Politeness, respect, consideration and friendliness of contact personnel.	<ul style="list-style-type: none"> • Does the bank teller have a pleasant demeanour? • Does my broker refrain from acting busy or being rude when I ask questions? • Are the telephone operators in the credit card company consistently polite when answering my calls? • Does the repair person take off his muddy shoes before stepping on my carpet?
Credibility: Trustworthiness, believability, honesty of service provider.	<ul style="list-style-type: none"> • Does the bank have a good reputation? • Does my broker refrain from pressuring me to buy? • Are the interest rates/fees charged by my credit card company consistent with the services provided? • Does the repair firm guarantee its services?
Security: Freedom from danger, risk, or doubt.	<ul style="list-style-type: none"> • Is it safe for me to use the bank's automated teller machine? • Does my brokerage firm know where my stock certificate is? • Is my credit card safe from unauthorized use? • Can I be confident that the repair job was done properly?
Access: Approachability and ease of contact.	<ul style="list-style-type: none"> • How easy is it for me to talk to senior bank officials when I have a problem? • Is it easy to get through to my broker over the phone? • Does the credit card company have a 24-hour, toll-free telephone number? • Is the repair service facility conveniently located?
Communication: Keeping customers informed in language they can understand and listening to them.	<ul style="list-style-type: none"> • Can the loan officer explain clearly the various charges related to the mortgage loan? • Does my broker avoid using technical jargon? • When I call my credit card company, are they willing to listen to me? • Does the repair firm
Understanding the Customer: Making the effort to know customers and their needs.	<ul style="list-style-type: none"> • Does someone in my bank recognize me as a regular customer? • Does my broker try to determine what my specific financial objectives are? • Is the credit limit set by my credit card company consistent with what I can afford? (i.e., neither too high nor too low)? • Is the repair firm willing to be flexible enough to accommodate my schedule?

Source: Zeithaml *et al.*, (1990)

Subsequent research, analysis and refinement by (Parasuraman *et al.*, 1988) developed a 22-item scale, called SERVQUAL that has become widely used as a generic instrument for measuring service quality. They have integrated the most important of the criteria contributing to the formation of customer perceptions of service and which signal quality to the customer. These dimensions are Reliability, Tangibility, Responsiveness, Assurance and Empathy as showed in table 3.4 below.

Table 3.4 Five Dimensions of SERVQUAL

Dimension	Definition	Components	Items in scale
Reliability	Ability to perform the service dependably and accurately.	Reliability	4
Tangibility	The physical facilities, equipment, and appearance of personnel.	Tangibility	4
Responsiveness	The willingness to help customers and provide prompt service.	Responsiveness	4
Assurance	Employees' knowledge, courtesy and ability to convey trust and confidence.	Competence Courtesy Credibility Security	5
Empathy	The level of caring and individual attention provided to customers.	Access Communication Understanding	5

Constructed by researcher on the basis of field data gathered as part of this investigation

SERVQUAL consists of two sections all of them includes a 22 item (Likert-type) scale. The first section measures expectations about firms in general within an industry and the other measures perceptions regarding the particular company whose service is being assessed.

3.7.3.4 The SERVQUAL Gaps

The conceptual model of service quality measures five different gaps to link customer and provider gaps in the form of a conceptual framework for understanding and improving service quality. The gaps revealed through the focus group with customers as well as executive interviews with marketers about the concept of service quality and factors affecting it. The model demonstrated that the first gap which must be closed, is the understanding of customer expectations

In (1985) Parasuraman *et al.*, in their exploratory study developed a conceptual model of service quality "Gap Model" as shown in figure 2-3. This model was extended and

refined in later works by Parasuraman *et al.*, (1990; 1991 and 1993) and Zeithaml *et al.*, (1993).

Parasuraman *et al.*, indicated customers' quality perceptions are influenced by a series of four distinct gaps occurring in organizations (Gaps 1, 2, 3 and 4). Perceived service quality, the customer-based performance measure, was defined in the model as the difference between customer expectations and perceptions (Gap 5), which in turn was hypothesized to be influenced by organizational Gaps 1-4. The various gaps recognized in the model are:

Gap 1: Difference between customer expectations and management perceptions of customer expectations

Based on interviews, the authors found that executives' perceptions of superior quality service are largely in congruent with customers' expectations. Customers' expectations versus management perceptions are the result of the lack of a marketing research orientation, inadequate upward communication and too many layers of management.

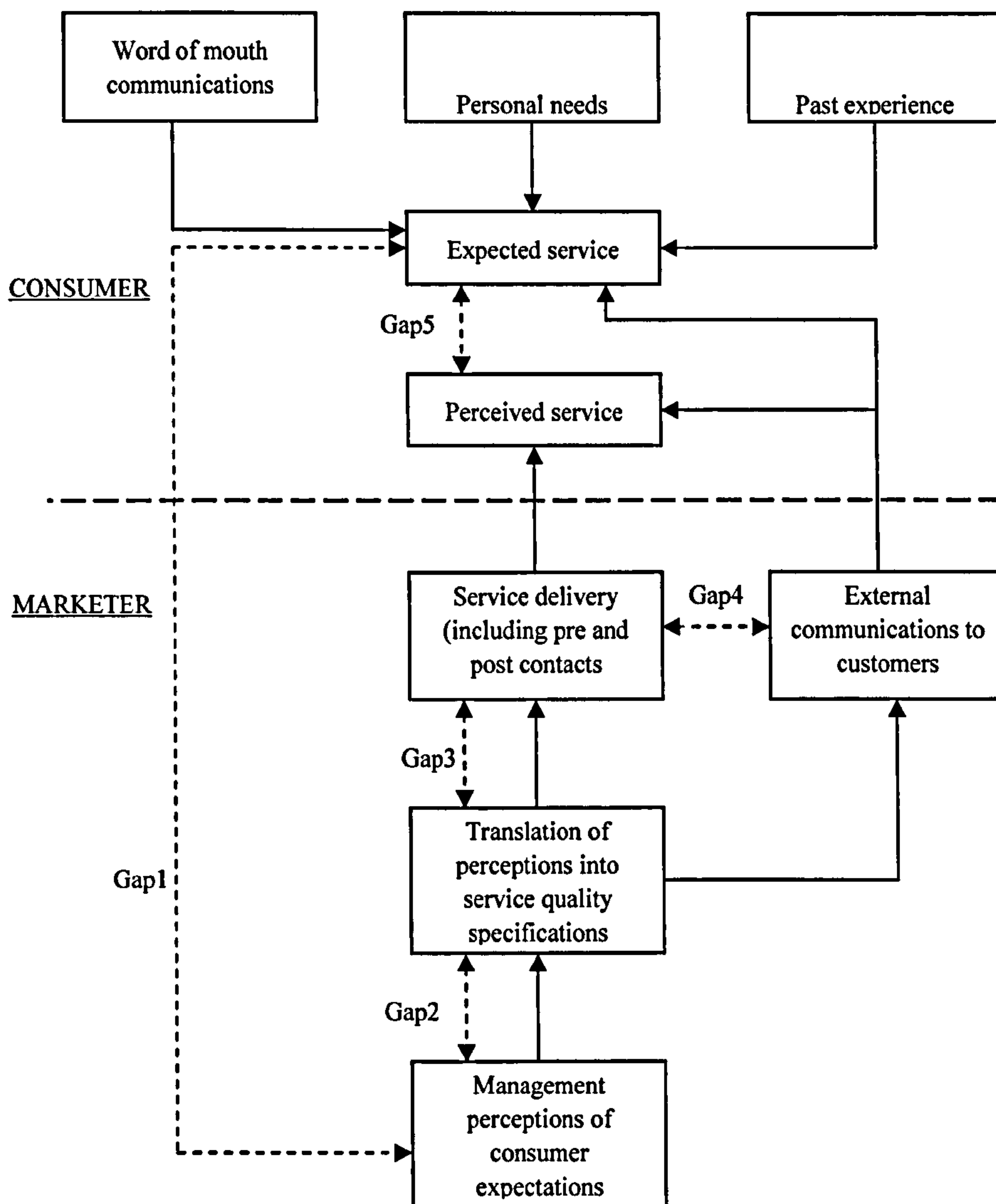
Gap 2: Difference between management perceptions of customer's expectations and service quality specifications

Gap 2 arises when there is a discrepancy between what managers perceive that customers expect and the actual standards that they (the managers) set for service delivery. This gap may occur when management is aware of customers' expectations but may not be willing or able to put systems in place that meet or exceed those expectations.

Gap 3: Difference between service quality specifications and the service actually delivered

Organizational policies and standards for service levels may be in place, but a front line staff following them? A very common gap in the service industry, Gap 3 is the difference between organizational service specifications and actual levels of service delivery. Service specifications versus service delivery is the result of role ambiguity and conflict, poor employee-job fit and poor technology-job fit, inappropriate supervisory control systems, lack of perceived control and lack of teamwork.

Figure 3.3 SERVQUAL Gap Model



Source: Parasuraman et al., (1985)

Gap 4: Difference between service delivery and what is communicated about the service to customers

Customers perceive that organizations are delivering low-quality service when a gap appears between promised levels of service and the service that is actually delivered. This gap is created when advertising, personal selling or public relations over-promise or misrepresent service levels. Service delivery versus external communication may occur as a result of inadequate horizontal communications and propensity to over-promise.

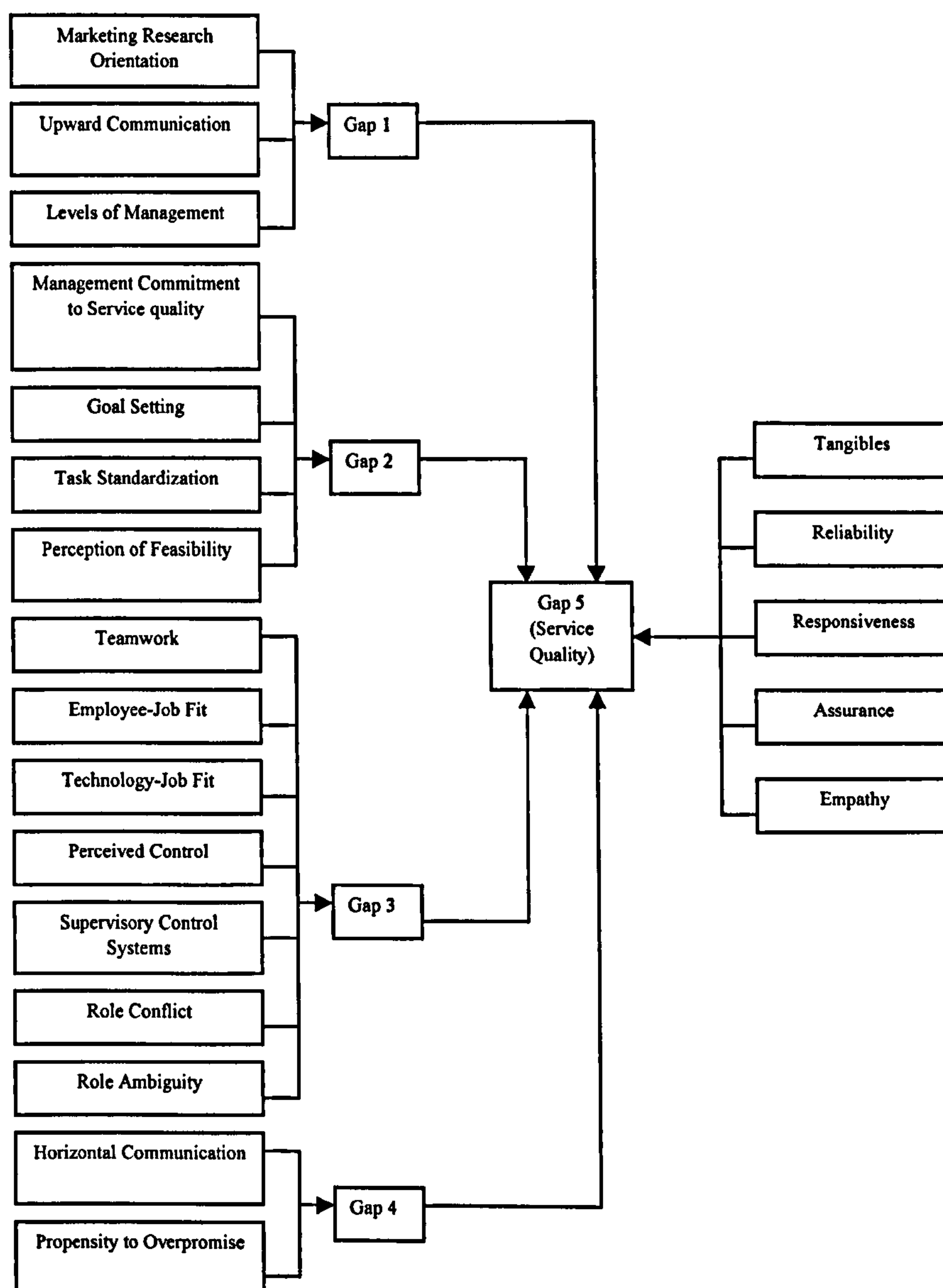
Gap5: The discrepancy between customer expectations and their perceptions of the service delivered

As a result of the influences exerted from the customer and the shortfalls (gaps) on the part of the service provider. In this case, customer expectations are influenced by the extent of personal needs, word of mouth recommendations and past service experiences.

Causes of Gap Model

Zeithaml *et al.*, (1988) summarised causes of the service quality gaps as shown in Figure 2-4 below.

Figure 3.4 Extended Service Quality Gap Model

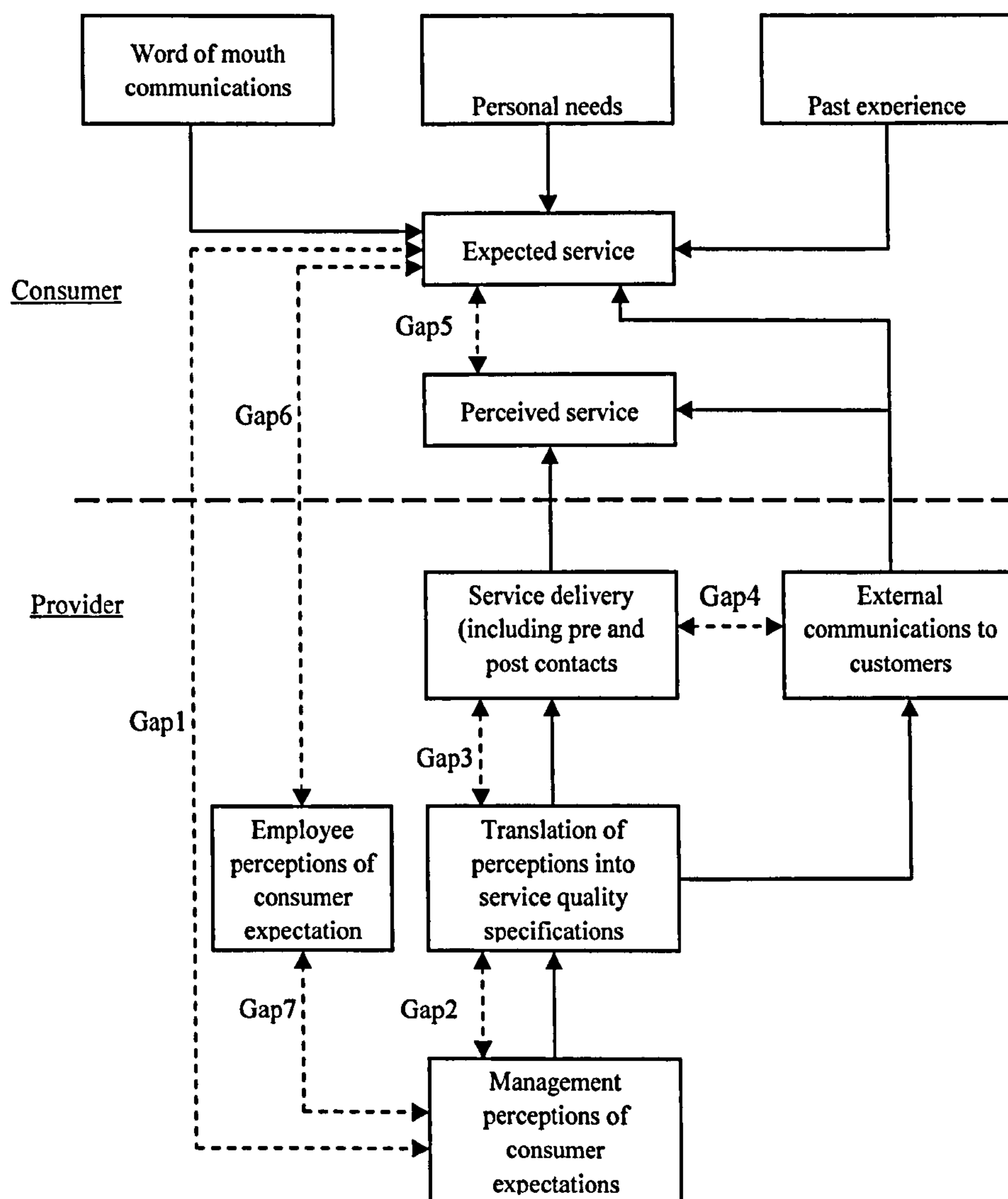


Source: Berry *et al.*, (1988)

Extended Gap Model (7 Gaps)

There are two new gaps added to the 5-gap model proposed by Parasuraman *et al.*, (1985). These new gaps reflect the differences in the understanding of customer expectations by managers and front-line service providers and in customer expectations and service providers' perception of such expectations. According to the following explanation (Curry, 1999 and Luk and Layton, 2002), the three important gaps, which are more associated with the external customers, are Gap1, Gap5 and Gap 6; since they have a direct relationship with customers.

Figure 3.5 The Extended 7 Gaps Model



Source: Luk and Layton, (2002)

The model as shown in figure 2.5 identifies seven gaps relating to managerial perceptions of service quality, and tasks associated with service delivery to customers.

Gap 5 is related to the customer and as such is considered to be the true measure of service quality, whereas the other six gaps (Gap 1, Gap 2, Gap 3, Gap 4, Gap 6 and Gap 7) are identified as functions of the way in which service is delivered.

SERVQUAL Applications

There have been many models that measured and developed the determinants of service quality. The works of Parasuraman *et al.*, (1985, 1988) led to the development of a service quality model (SERVQUAL) which is the result of a comparison of the expectations and perceptions of customers regarding a particular service. Since Parasuraman *et al.*, (1988) introduced the SERVQUAL instrument many researchers have used, extended and developed this 22-item scale to study service quality in services industries. These studies include different services sectors such as: Health care (Mangold and Babakus, 1991; Smith, 1995 and Wong, 2002); Medical services (Brown and Swartz, 1989 and Carman, 1990); Car retailing (Carman, 1990; Bouman and van der Wiele, 1992); Travel and tourism (Fick and Ritchie, 1991); Hotel sector (Reynoso and Moore, 1995 and Markovic, 2004); Club sector (Lam *et al.*, 1997); Higher education (Sahney *et al.*, 2004) in addition to the banking sector (Nielsen and Host, 2000 and Wang *et al.*, 2003).

SERVQUAL criticisms

Although many studies have used the SERVQUAL instrument, they showed that this instrument forms the foundation on which all other works have been built and there is a wider agreement that the dimensions of this scale are the most important dimensions to measure service quality across many different sectors, SERVQUAL has been subjected to a number of theoretical and operational criticisms.

The conceptualization and measurement of service quality is not without debate. This debate on service quality was given a major boost by Cronin and Taylor, (1992) who in their empirical work debated the scale of SERVQUAL with respect to conceptualization and measurement of service quality. They showed that the conceptualization and operationalization of service quality as presented in SERVQUAL is inadequate. They question particularly the validity of gap theory that suggests the difference between consumers' expectations about performance of service providers and their assessment of the actual performance driving their perception of service quality.

This debate led to an alternative measurement instrument called SERVPERF by illustrating that service quality is a form of consumer attitude. They found that this measure explained more of the variance in an overall measure of service quality than did SERVQUAL.

Subsequent work, Teas, (1993, 1994) examined conceptualization and operationalization issues associated with service quality model of SERVQUAL, and developed alternative models of perceived service quality based on evaluated performance (EP) and normed quality (NQ). He concluded that the (EP) model could overcome some of the problems associated with the P-E gap conceptualization of service quality. However, Parasuraman *et al.*, (1994) responded to the concerns of Cronin and Taylor, (1992) and Teas, (1993) by demonstrating that the validity and supposed hardness of many of those concerns were questionable. They showed that though their approach for conceptualizing service quality could and should be revised, they abandoned it altogether in preference for the alternative approaches stated by Cronin and Taylor. On the other hand, Parasuraman *et al.*, (1994) contend that the SERVQUAL scale using the expectations minus performance gaps method is a much richer approach to measuring service quality.

In another empirical work, Van Dyke and Kappelman, (1997) and Babakus and Boller, (1992) criticized the conceptual appropriateness of SERVQUAL. They examined the operationalization of perceived service quality as a difference or gap score, the ambiguity of the expectations construct, and the unsuitability across different industries.

Carman, (1990) showed that the major empirical problem of the instrument lies in its unstable dimensionality. He used SERVQUAL dimensions to assess customer's perceptions of service quality and found that SERVQUAL dimensions are not completely generic in addition it is often necessary to incorporate additional items in certain dimensions because they are particularly important for some service categories. He found also that some of the items did not load on the same component when compared across different types of service providers. Cronin and Taylor, (1992) and Babakus and Boller, (1992) suggested that the dimensionality of service quality might depend on the type of industry being studied. They further argued that measures designed for specific industries are more appropriate than using a generic one. However, Parasuraman *et al.*, (1994) contend that the SERVQUAL scale using the

expectations/performance gaps method is a much richer approach to measuring service quality and augment their earlier assertion (e.g. Parasuraman *et al.*, 1985, 1988, 1993) that service quality is a multidimensional rather than a unidimensional construct.

Defining SERVQUAL scores as the differences between expectations and perceptions was also challenged in a number of studies. Carman, (1990) and Babakus and Boller, (1992) questioned the appropriateness of using measures defined as differences in multivariate analysis and argued for using perception scores only. Barbakus and Boller also found that perception scores had stronger correlation with independent measures, such as overall quality, than do the SERVQUAL measures (expectations minus perceptions).

Other efforts have noted that there is little theoretical or empirical evidence to support the gap between expectations and perceptions as the basis for measuring service quality (Babakus and Boller, 1992; Babakus and Mangold, 1992; Carman, 1990; Cronin and Taylor, 1992 and Teas, 1993).

Finally, the research literature on service quality and satisfaction contains numerous models by various contributions from numerous researchers over the past few years across different industries. (e.g. Cronin and Taylor, 1992, 1994; Parasuraman *et al.*, 1985, 1988; Teas, 1993, 1994 and Zeithaml *et al.*, 1996).

However, the SERVQUAL instrument of Parasuraman *et al.*, (1988), a 22-item scale that measures service quality along five factors, namely, reliability, responsiveness, assurance, empathy and tangibles, forms the foundation on which all other works are based (Sureshchandar *et al.*, 2001,2002, 2003). It is still the principal measure of service quality and most important instrument for measuring service quality (Angur *et al.*, 1999). In addition the dimensions of this scale which include the 22 items are the most important aspects and reasonably good predictors of service quality (Brown and Swartz 1989; Carman 1990; Bolton and Drew 1991; Parasuraman *et al.*, 1991; Babakus and Boller, 1992; Cronin and Taylor 1992).

3.7.3.5 Performance only model (Cronin and Taylor, 1992)

Cronin and Taylor, (1992) investigated the conceptualization and measurement of service quality and its relationship with consumer satisfaction and purchase intentions.

They have used SERVQUAL as a measurement or scale when seeking to demonstrate the superiority of their instrument or theoretical perspective.

Cronin and Taylor, (1992) developed and tested an alternative instrument called SERVPERF which measures performance only. This instrument based on the construct that “service quality should be measured as an attitude” through concentration on four industries (banking, pest control, dry cleaning and fast food). The original SERVQUAL questionnaire was designed to measure both expectations (forecast) and perceptions (what actually happens) of a firm’s service quality. However, SERVPERF is composed of the 22 perception items in the SERVQUAL scale, and therefore excludes any consideration of expectations.

Cronin and Taylor, (1992, 1994) found that this measure explained more of the variance in an overall measure of service quality than did SERVQUAL. They argue that measuring service quality using a performance-minus expectations (SERVQUAL) basis is inappropriate and suggest that performance-only (SERVPERF) measurement is a better method. They demonstrated the strongest criticism of the SERVQUAL scale with respect to conceptualization and measurement of service quality.

There are several studies supporting Cronin and Taylor’s (1992) performance-based paradigm SERVPERF. McAlexander *et al.*, (1994) demonstrates the superiority of SERVPERF over SERVQUAL in dental care. A SERVPERF instrument is also preferred over SERVQUAL by Hahm *et al.*, (1997) for the telecommunications industry.

3.8 Summary

This chapter critically reviewed the relevant research and literature that formed the foundation for service quality. It has reviewed the substantial literature which started by importance of service quality which has been confirmed by many researchers in different sectors. In addition, the general concept of quality and service quality was defined. Then, the relationship between service quality and customer satisfaction was considered. Finally, the conceptualization of service quality was discussed through focus on dimensions and models of service quality and with given more attention to SERVQUAL model as method will be use in this research.

CHAPTER FOUR

SERVICE QUALITY IN THE BANKING SECTOR

4.1 Introduction

Service quality represents a vital element of successful operations for banking (Reichheld and Sasser, 1990; Yavas *et al.*, (1997; Caruana, 2002 and Chaoprasert and Elsey, 2004). Researchers therefore, have considered the importance of definition, measurement and improvement of service quality in these banks by concentration on customer's expectations and perceptions of service (Shahin, 2006). The interaction between the customers and the employees has been found to be an important factor in delivering high levels of service quality (Wangenheim *et al.*, 2007; Seiders, 2009 and Young *et al.*, 2009).

The aim of this chapter is to review the major literature relating to service quality in the banking sector with concentration on the gap between customer's expectations and perceptions and the gap between employees perceptions and customers' expectations.

4.2 Importance of service quality in the banking sector

Service organizations are aware that service quality in banking is an important factor to competitive advantage and corporate profitability (Soteriou and Stavrinides, 2000; Newman, 2001).

Bank service quality is commonly considered as a critical prerequisite for satisfying and retaining valued customers (Howcroft, 1991; Cronin and Taylor, 1992; Taylor and Baker, 1994). Berry and Parasuraman, (1991) also noted that high quality service gives credibility to sales force and advertising, stimulates favourable word-of-mouth communications, enhances customers' perception of value, and boosts the morale and loyalty of employees and customers alike. Hence, managers of these banks must realise that achieving superior levels of service quality is the main objective for retail banking operations.

High levels of service quality in the banking sector influences customer retention which has a significant impact on bank profitability. It is estimated that a 5 percent increase in customer retention adds about 25-150 percent (Reichheld and Sasser, 1990). Moreover, due to service quality problems 40 percent of customers of USA financial institutions

switched to other institutions (Raddon, 1987). Service quality problems are also the cause of 25 percent of closures of bank accounts (Grubbs and Reidenbach, 1991).

Service quality in the banking sector increased its importance after the link with profitability was established. In such context, the relationship between service quality and profitability has been examined in some empirical studies (Rust *et al.*, 1995; Soteriou and Zenios, 1999 and Zeithaml, 2000). The results of all these studies indicate the existence of a positive relationship between service quality and profitability.

Service quality in banking plays a significant role as it is linked to financial performance. There have been researchers who examined empirically the relationship between service quality and financial performance (Soteriou and Zenios, 1999 and Duncan and Elliott, 2002, 2004). They found that financial performance measures are positively correlated with service quality.

4.3 Definition of service quality in the banking sector

As mentioned above, according to positive relationship between service quality and various terms such as customer's satisfaction and customer's retention and profitability, the banking sector represents one of the essential sectors which meet the needs of society. Hence, many efforts were carried on by service quality researchers and practisers to improve service quality in the banking sector. However, defining service quality in the banking sector is one of the critical problems which face this sector. Thus, there are numbers of definitions with regard to what is meant by service quality in the banking sector. Major research contributions to defining service quality in this sector are:

Howcroft (1991) suggests that service quality in banking implies consistently anticipating and satisfying the needs and expectations of customers. Therefore, customer preferences of service quality based on comparison between expectations and actual service performance, (Howcroft, 1992).

According to Caruana, (2002) service quality is found to have a profound impact on customer satisfaction and loyalty as a whole and is defined as the result of comparison with customer's expectations of service and their perception of the way the service has been performed.

4.4 Service quality and customer satisfaction in the banking sector

Service quality is a key factor in customers' satisfaction with their banks and customer satisfaction should be a strategic objective and an essential concept in marketing firms because researchers link a firm's business performance to the satisfaction of its customers (Morgan *et al.*, 2005). As a result, service quality has been positively correlated with customer satisfaction within the banking industry (LeBlanc and Nguyen, 1988; Avkiran, 1994 and Blanchard and Galloway, 1994). Customer satisfaction on the other hand, is a fundamental goal to strive for and if banks wish to increase customers' overall satisfaction; they must target factors which have a bearing on satisfaction in addition to it providing signals with regard to the quality of marketing decisions (Goode *et al.*, 1996).

Studies have examined customers' satisfaction within the banking industry. They showed that service quality is a key factor in consumers' satisfaction with their banks and it represents a vital element of successful operations for banking (Reichheld and Sasser, 1990 and Chaoprasert and Elsey, 2004). Service quality is related to the degree of customers satisfaction derived from the service offering. LeBlanc and Nguyen, (1988) showed that customer satisfaction is the most important factor which explains service quality in the banking sector. Management must therefore further investigate the process by which customer expectations are formed and compared to actual performances. Furthermore, the measurement of customer satisfaction can be a vital element of evaluation and management of marketing strategies, decisions and programmes. In addition, for marketers, consumer satisfaction is one of the primary goals to strive for (Goode and Moutinho, 1995).

Yavas *et al.*, (1997) investigated the relationship between service quality and customer satisfaction in the banking industry of Turkey. They found that overall service quality is a significant determinant of customer satisfaction and it indicated that the ultimate success of any service quality is gauged by creation and retention of satisfied customers. Caruana, (2002) also found that service quality is an important input to customer satisfaction and management attention should be on customer satisfaction.

Anderson *et al.*, (1994) examined the relationship between customer satisfaction, quality and price. They recognized that customer satisfaction is based upon value.

Hence it is closely related to price, unlike the quality of service which is not considered to be related to price.

Lewis, (1991) and Kwan and Hee (1994) used the 22 items of SERVQUAL scale to examine service quality and customer satisfaction in the banking sector and concluded that customers were generally satisfied with the five service quality dimensions and these dimensions are good predictors of overall quality perceptions and overall customer satisfaction. Arasli *et al.*, (2005) used just four dimensions of SERVQUAL and found that these dimensions i.e. assurance, reliability, empathy and tangibles were found to be significant predictors of customer satisfaction too. Gerrard and Cunningham, (2001) used SERVQUAL and found that four of the five SERVQUAL dimensions were useful predictors for the government bank and only two dimensions were predictors for the private bank. On the other hand, Spathis *et al.*, (2001) used six factors of BSQ scale and found that customers were satisfied with these factors.

4.5 Dimensions of Service Quality in the Banking Sector

This section aims to identify the various dimensions of service quality in relation to the banking sector proposed by different researchers in the service quality literature. According to Lehtinen and Lehtinen (1982), there are three distinct service quality dimensions:

1. Physical quality relates to the tangible aspects of the service.
2. Corporate quality refers to the image attributed to a service provider by its current and potential customers, as well as other publics.
3. Interactive quality involves the interactive nature of services and refers to the two-way flow that occurs between the customer and the service provider, or his/her representative, including both automated and animated interactions.

Lewis (1991) evaluated customers' expectations of service quality in UK and USA banks and their perceptions of the service actually received. She tested the SERVQUAL instrument among a number of consumers and all its dimensions were felt to be a good predictor of service quality. She used 39 service quality elements which were distributed across four dimensions: physical features and facilities; reliability; staff you come into contact with; and responsiveness to your needs.

According to (Lewis, 1993) the dimensions of service quality focus on "interactions between a service firm and its customers and typically relate to:

- Technical dimensions, i.e. the outcome of the service process to include systems and technology.
- Functional dimensions, i.e. the way the service is delivered to include interpersonal interactions between employees and customers, appearance and personality of service personnel and approachability of personnel.
- The corporate image dimensions which is the result of how customers perceive the firm, and can be expected to be built up mainly by the technical and functional quality of its services, and will ultimately affect service perceptions.

Blanchard and Galloway (1994) studied the retail banking business of one of the leading British banks to measure the level of service quality of the bank. They concluded their findings by supporting the SERVQUAL model and defined three dimensions of process/outcome, subjective/objective and soft/hard.

In another study in 1994, Avkiran developed a multi-dimensional instrument for measuring customer-perceived quality in retail branch banking. Using SERVQUAL as a starting point and then adding items that he extracted from a qualitative study commissioned to establish quality service standards, Avkiran (1994) followed an iterative process and identified four dimensions of service quality of Australian banks: staff conducts as well as three dimensions of SERVQUAL i.e. credibility, communication, access to teller services as the final dimensions of service quality.

Bahia and Nantel, (2000) developed a specific scale for the measurement of the perceived service quality of bank services. The proposed scale is labelled Bank Service Quality (BSQ) and consisted of six dimensions: three dimensions are the same as in SERVQUAL (1988) i.e. access; tangibles; reliability in addition to effectiveness and assurance; price and service portfolio dimensions

Aldlaigan and Buttle, (2002) measured service quality perceptions of retail bank customers and they defined four dimensions: service system quality, behavioural service quality, service transactional accuracy, and machine service quality.

Finally, summary of these dimensions are presented in the table 4.1 below.

Table 4.1 dimensions of service quality in the banking sector

Year	Researchers	Dimensions
1982	Lehtinen and Lehtinen	Physical quality - Corporate quality - Interactive quality
1991	Lewis	Physical features and facilities - Reliability - Staff you come into contact with - Responsiveness to your needs
1994	Blanchard and Galloway	Process/outcome - Subjective/objective - Soft/hard
1994	Avkiran	Staff conduct - Credibility - Communication - Access to teller services
2000	Bahia and Nantel	Effectiveness and assurance - Access - Price - Tangibles - Service portfolio - Reliability
2002	Aldlaigan and Buttle	Service system quality - Behavioural service quality - Service transactional accuracy - Machine service quality

Constructed by researcher on the basis of field data gathered as part of this investigation

All the above dimensions clearly depended on the five dimensions of SERVQUAL instrument i.e., (Tangibles, Reliability, Responsiveness, Assurance and Empathy) that have considered the most important dimensions (Yavas *et al.*, 1997; Angur *et al.*, 1999 and Sureshchandar *et al.*, 2003) to measure service quality either in the banking sector or in any other sectors in general.

All of the SERVQUAL dimensions are found relevant to banking sector (Zeithaml and Bitner, 1996). For example, Credibility is important to demonstrate the good reputation of the bank. Security is another important matter to articulate the safety for the customers to use the bank's ATMs anytime and to protect the credit card against unauthorised use. Empathy or accessibility is another key related factor that enables customers to deal with their banks more easily (Levesque and McDougall, 1996). Communication is also most important in the banking sector. When customers complain, the bank manger should be interested to listen to the customer regarding their complaints through proper communication channels. Understanding the customer is important for banks to make the efforts to know customers and their needs. Tangibility is another important dimension for banks. For instance, "Customers make inferences about the service quality on the basis of tangibles of the bank (the buildings, the physical layout etc.), that surround the service environment because these can have a significant impact on customers' affective responses" (Jamal and Naser, 2002). Besides, the customers are happy when they can understand their bank statements easily. Reliability is also important in banking sector. When a bank officer, for instance, says

he/she will call the customer back in 10 minutes to solve the problem, he/she should do so accordingly. Responsiveness is an important dimension for bank to resolve the problem of the customers quickly and which is rare in our banking sector. Competence or assurance is also an important factor to transact through the bank teller process without making any mistake. Courtesy is important for bank employees to have a pleasant behaviour and to show the politeness consistently when answering the various questions of their customers.

4.6 Customers' expectations and perceptions of service quality in the banking sector

Service quality in banking has been considered important over the years (Angur *et al.*, 1999). There have been a number of empirical studies that dealt with service quality in the banking industry in general and especially the application of the SERVQUAL instrument in commercial banks.

Expectations of customers play a key role in customer evaluation of services and banks should identify customers' needs and expectations to ensure a high quality service (Zeithaml *et al.*, 1990 and Blanchard and Galloway, 1994). Therefore, marketers need to understand the factors that establish these expectations, the improved financial position of customers and information available regarding bank services (Colgate and Hedge, 2001).

Customer perceptions and expectations of service quality have been considered as the main factor influencing consumer evaluations of service quality (Parasuraman *et al.*, 1985). It has been used to predict company profitability and for improved market share and performance. Therefore, there have been many researchers who considered measuring expectations and perceptions of service quality through different sectors industries such as Foodservice Industry (Issanchou, 1996 and Johns and Howard, 1997); Health-Care Services (McGorry, 1999); Airlines Services (Sultam and Simpson, 2000) in addition to the measurement in the Banking Sector Kangis and Voukelatos, (1997); Gerrard and Cunningham, (2001); Koutouvalas and Siomkos (2006) and Petridou and Spathis *et al.*, (2007). These studies concluded that expectations and perceptions of customers had a significant influence on service quality. It showed also that there are differences between these expectations and perceptions of service.

Because the most common model to measure service quality is the model developed by Parsuraman *et al.*, (1988), many researchers in the banking sector therefore have relied on this scale to measure customers' expectations and perceptions of service quality through different sectors of the services industry especially in the banking sector.

Measurement of customers' expectations and perceptions of service quality in the banking sector have been considered by numerous authors who have found that this is an important topic in the banking industry (Lewis 1991, Gerrard and Cunningham, 2001 and Spathis *et al.*, 2001). They suggested that further empirical researches must be directed at measuring customers' expectations and perceptions in order to improve the quality of banking services.

In this context, there are many efforts to interpret and measure service quality in the banking sector from different aspects, such as: discrepancy between customers' expectations and perceptions of service quality in terms of the type of bank (Kangis and Voukelatos, 1997 and Sharma and Metha 2005) and the type of customer (Athanassopoulos, 1997). Other researchers studied customer's expectations and perceptions of the quality of service in terms of the different culture (Lewis, 1991 and Petridou and Spathis *et al.*, 2007) as well as the differences in lifestages of the customer (Galloway and Blanchard, 1996).

There have been many researchers examined customer's expectations and perceptions of service quality in the banking sector (see for example: Lewis, 1991; Lewis *et al.*, 1994; Arasli *et al.*, 2005; Bexley *et al.*, 2005; Abdul Razak and Chong, 2007; Petridou and Spathis *et al.*, 2007 and Tahir and Abu Baker, 2007). Some of these researchers concentrated on comparison customer's expectations and perceptions of service quality between private and public banks. They showed that customer's expectations regarding these services were similar in both banks whereas customer's perceptions of the services received were different between these banks. These studies showed also that customer's expectations in these banks are greater than their perceptions of service quality provided (Kangis and Voukelatos, 1997; Gerrard and Cunningham, 2001; Koutouvalas and Siomkos, 2006).

Kwan and Hee, (1994) measured service quality in Singapore retail banking. They demonstrated the use of some basic techniques for measuring and analyzing service

quality data obtained through the use of the SERVQUAL instrument. They show that the customers of both banks have high expectations in relation to bank's service quality. The findings of these high expectations are supported by Babakus and Boller, (1992); Kangis and Voukelatos, (1997). The results of Kwan and Hee's study showed also that the five service quality dimensions are reasonably good predictors of overall quality perceptions, overall customer satisfaction.

Kangis and Voukelatos, (1997) compared customers' expectations of service quality in private and public Greek banks. They used 12 items of the SERVQUAL instrument and showed that customer's expectations were similar between both banks. This finding was considered also by Gerrard and Cunningham, (2001) who examined the service quality of public and government banks in Singapore and identified five dimensions of service quality which contained used 17 items of the SERVQUAL instrument and obtained responses from customers of private and public banks in Singapore. Kangis and Voukelatos concluded that the items of tangibility are the most important dimensions of quality expectation. This disagrees with studies of Zeithaml *et al.*, (1990), Parasuraman *et al.*, (1991) and Lewis *et al.*, (1994) who indicate that reliability is the most important dimension. On the other hand, the empathy dimension had lowest expectations in most of service quality studies (Kangis and Passa, 1997).

Results of this study concluded also that customer's perceptions of services received were higher in the private than in the public sector banks in most of the dimensions measured. This finding was supported by Spathis *et al.*, (2001) who used another instrument called bank service quality (BSQ) in Greek banks. Koutouvalas and Siomkos, (2006) used all the 22 items of the SERVQUAL scale to compare these perceptions. This study was also carried out in Greece and predicted the same results. On the other hand, Sharma and Mehta, (2005) in a different environment noted inverse results in which they showed that Indian customers of public sector banks enjoy a better perception of service quality than customers of private sector banks.

Bahia and Nantel, (2000) developed a new scale to measure perceived service quality in retail banking called Bank Service Quality (BSQ). They used the original 10 dimensions of the SERVQUAL scale in addition to some items proposed by Carman, (1990) such as courtesy and access to generate six dimensions of (BSQ). These dimensions are: Effectiveness and assurance; Access; Price; Tangibles; Service portfolio; Reliability.

Moreover, the BSQ scale was used in (2001) by Spathis *et al.*, to measure service quality in Greek Banks. The model in this study has been used to determine the differences in the importance of the service quality factors for Greek bank customers. A factor analysis has shown that for men, Effectiveness and Reliability were found the highest whereas, Price was found the most important factor for women. On the other hand, Petridou and Spathis *et al.*, (2007) investigated and identified the dimensions of quality of banking service of Greek and Bulgarian banks and used the BSQ scale too. The factor analysis of the Greek customers identified six dimensions of perceived service quality (effectiveness; assurance and service portfolio; reliability; access; price; and tangibles) whereas this test of the Bulgarian customers identified five dimensions (tangibles, reliability and service portfolio; price and assurance; effectiveness; access; and effectiveness). Sureshchandar *et al.*, (2001) examined customer perceptions' of service quality in Indian banks. Their empirical research was primarily built on the SERVQUAL instrument and identified five factors of service quality as critical from the customers' perspective. These factors are: core service or service product, human element of service delivery, systematization of service delivery - non- human element, tangibility of service (servicescapes) and social responsibility.

Jabnoun and Al-Tamimi, (2003) used the five dimensions of SERVQUAL to develop an instrument measuring service quality in the UAE commercial banks. The findings showed that factor analysis resulted in three dimensions: human skills; tangibles; and empathy. The findings showed also that the importance of the three dimensions found human skills to be more important than the dimensions of tangibles and empathy.

Al Tamimi and Al Amiri, (2003) compared the five dimensions of SERVQUAL between the two main Islamic banks of UAE for measuring service quality of UAE Islamic banks. The results of this test showed that there was a positive and statistically significant relationship between overall service quality and the SERVQUAL dimensions in the UAE Islamic banks. Therefore, this analysis revealed that the UAE Islamic banks' customers were satisfied with overall service quality. It was also found that empathy and tangibles were the most important dimensions whereas reliability, responsiveness and assurance dimensions appear to be less important.

Jabnoun and Khalifa, (2005) studied service quality in the UAE banks. They developed a measure of service quality and used it to compare UAE service quality between

conventional and Islamic banks. They developed a 30-item questionnaire including the five dimensions of SERVQUAL (five items of reliability, three items of responsiveness, four items of empathy, four items of assurance, and five items of tangibles) In addition to two other new dimensions that are called values (six items) and image (three items). Factor analysis resulted in four dimensions: personal skills, reliability, values, and image. Results of regression analysis revealed that all four dimensions were significant in determining service quality in conventional banks. However, it was determined that values and image were the most important of these dimensions. On the other hand, only personal skills and values were significant in determining service quality in Islamic banks.

Service quality concepts in developing countries have received increasing attention from both researchers and practitioner in the banking sector. Delivering quality service to the customers in the banking of developing countries represents an essential element for success and survival in today's global and highly competitive banking environment (Wang *et al.*, 2003). Therefore, the banking sector in many developing countries is undergoing change in order to keep up with world trends (Yavas *et al.*, 1997).

On the other hand, there have been many studies that examined service quality in the banking sector. However, most of these efforts have been in the context of US and European banking institutions and lacked to knowledge concerning the banking industry in developing economies (Firoz and Maghrabi, 1994; Yavas *et al.*, 1997; Kassem, 1998; Angur *et al.*, 1999; Sureshchandar *et al.*, 2002 and Sureshchandar *et al.*, 2003). Other researchers such as Anderson *et al.*, (1994); Ennew and Binks, (1996); Johnston, (1997); Angur *et al.*, (1999); Neyer, (2000); Ahmad, (2002); Sureshchandar *et al.*, (2002) and Shahin, (2006) recommended continuous efforts to measure and improve service quality and suggested the need for this kind of study to support how banks perform in developing countries and to determine the best ways to improve the financial performance and economies of this part of the globe.

Research using SERVQUAL has also been conducted in the banking industry of developing countries. Yavas *et al.*, (1997) investigated the relationship between service quality, customer satisfaction, complaint behaviour and commitment in the banking industry of Turkey. They found that overall service quality is a significant determinant of customer satisfaction and it indicated that the ultimate success of any service quality

is gauged by the creation and the retention of satisfied customers. They showed also that customer contact personnel played a vital role in the delivery of high quality service.

Angur *et al.*, (1999) investigated the applicability of alternative measures of service quality in the banking industry in India. In this study the researchers found that the SERVQUAL instrument was of a four dimensional structure and that from a practical point of view, the SERVQUAL scale provides greater diagnostic information than the SERVPERF scale which examined a performance-based measure of service quality by Cronin and Taylor, (1992). This conclusion about SERVQUAL agrees with Chi Cue *et al.*, (2003) study's which measured service quality in the banking sector in South Korea.

Sureshchandar *et al.*, (2003) critically investigated service quality with regard to a developing country. They found that three groups of banks in India (public sector banks, private sector banks and foreign banks) seem to differ noticeably with respect to the delivery of the service quality factors. In addition they added that the SERVQUAL scale using five factors (Tangibility, Reliability, Responsiveness, Assurance and Empathy) is a better instrument for service quality measurement.

Wang *et al.*, (2003) recognized the importance of service quality as a critical factor for success and survival in today's global and competitive banking environment. They evaluated the antecedents of service quality and product quality, and their influences on bank reputation in the banking industry of China, using a structural equations model. These researchers concluded that both service quality and product quality had a significant influence on bank reputation.

4.7 Bankers' perceptions of customers' expectations in the banking sector

Service quality researchers have noted the importance of examining attitudes of both customers and employees when managing service quality (e.g., Schneider *et al.*, 1980). Previous studies on the other hand, have concluded that employees are good sources of information on customer attitudes (Schneider *et al.*, 1980; Schneider and Bowen, 1985 and Bitner *et al.*, 1994). Therefore, a strong desire element is a prerequisite for good service when choosing people to work in service occupations (Schneider *et al.*, 1980) so that they are able to assess and adjust their customers' expectations and needs of service quality and then their satisfaction in real time (Seiders, 2009).

Schneider *et al.*, (1980) suggested that data should be collected from both employees and customers when evaluating service firms. Other researchers have argued that employees are good sources of information on customer attitudes (Schneider *et al.*, 1980; Schneider and Bowen, 1985 and Bitner *et al.*, 1994). Employees, on the other hand, play a key role and influence the provision and delivery of services to customers (Zeithaml *et al.*, 1990; Congram and Friedman, 1991 and Johnson, 1996). Organizations therefore, depend on its employees to collect information with respect to their customer's perceptions and attitudes about service quality delivered (Berry and Parasuraman, 1997 and Young *et al.*, 2009). Moreover, Schneider and Bowen, (1984) argue that organisations should use information gathered from employees in making strategic decisions.

Researchers suggested that employees may differ in their expectations and perceptions of service quality (e.g., Parasuraman *et al.*, 1991; Young *et al.*, 1996; Redfern and Norman, 1999). Therefore, employees who have a longer time with their organization may become more proficient in obtaining and interpreting essential information for understanding and assessing their customers' expectations (Young *et al.*, 2008) who will be wholly satisfied with the quality of service provided if the employees meet consumer expectations accurately (Tse, Nicosia and Wilton, 1990).

Zeithaml *et al.*, (1990) suggested that companies that provide high service quality to their customers have expectations of service from their employees that are consistent with the expectations of customers. These companies, therefore, design and improve service delivery systems that are in line with customer expectations. Moreover, companies that have high service quality their employees have the abilities to meet customers' expectations, while low service quality would mean the opposite. (Subramony *et al.*, 2004)

Grönroos, (1978) concluded that if firms wish to build stronger relationships with customers, this is enabling integrated service provision processes across the entire organization.

Silvestro and Johnston, (1989) showed that quality issues have to include all other participants and not to rely exclusively on customers' views. These findings was supported by Edvardsson *et al.*, (1994) who indicated including staff and owners in

every model as well as customers because this will draw on processes and methods. Furthermore, Schneider and Bowen, (1995) supported the important role of service providers where corporate objectives and customers needs occur simultaneously.

Service quality performance depends on employees who are both willing (motivated) and able (trained) to perform (Zeithaml *et al.*, 1990) but who are also available to build and maintain relationships with customers. This will influence the delivery of quality of services to customers as it impacts behaviour and thus performance (Zeithaml *et al.*, 1990). Therefore, organizations depend on their employees to collect information with respect to their customer's perceptions and attitudes about service quality delivered (Berry and Parasuraman, 1997 and Young *et al.*, 2009)

Lewis and Entwistle, (1990) investigated service quality through focusing on the employees' perceptions. They indicated that the relationship between the customers and the service providers is a vital element in most service processes. Blanchard and Galloway, (1994) also identified the staff's ability to understand customer needs as an important factor for quality successes.

Schneider *et al.*, (1980) investigated perceptions of employees and customers of service in 23 branches of the large banking sector. The findings of this study showed strong positive relationships between employees' views and customers' perceptions of received service quality. They deduced that it is important to balance the established rules and procedures of the bank against the customer's needs. This will enable employees to increase their awareness and responsiveness to meet customer needs and goals. In the same way Schneider and Bowen, (1985) used 28 branches from the same bank to investigate the relationship between employee and customer attitudes about overall service quality in a bank setting. They supported Schneider *et al.*, (1980) findings that there is a high correlation between these customers and employees. These findings are supported by Reynierse and Harker, (1992) who studied the relationship between employee and customer perceptions of services in 79 bank branches and examined 145 customer and 322 employee ratings of these services provided. These findings indicated also that employees who had high service levels had higher level of customers' satisfaction.

The results of the study Parasuraman *et al.*, (1991a) showed that the gap between management perceptions of customer's expectations was consistently small, that is managers had a generally accurate understanding of customer expectation levels. These results support many researchers who examine this gap and indicated that managers have a good understanding of customer expectations (Nightingale, 1986; Lewis, 1987; Saleh and Ryan, 1991; Coyle and Dale, 1993; Lewis, 1993; Nel 1993; Zeithaml and Bitner, (1996); Tsang and Qu, 2000 and Luk and Layton, 2002; Douglas and Connor, 2003). The reason for this small difference may be due to little direct interaction between employees with managers. Managers therefore, can enhance their knowledge of customer's expectations of the service provided through interacting with those responsible for providing the service. These results supported by Klose and Finkle, (1995) who examined the congruency of employee perceptions and customer expectations of an electric utility in the western United States and showed also that the electric utility employees had a good understanding of customer expectations.

Howcroft, (1992) has also studied service quality in selected United Kingdom banks from the customers' and employees' viewpoint. They investigated employees and managers attitudes with regard to customer service and found that there were differences between what was said by staff and what was observed in branches.

Jun *et al.*, (1999) investigated service quality perceptions in the US banking industry. The results of 63 employees of loan services and 61 customers of 25 banks was analysed to examine the discrepancy between the customers and employees groups with regard to service quality provided by the loan products in these banks. They indicated that customers' expectation of services quality levels for instalment loans are higher than employees' expectations levels.

Bexley *et al.*, (2005) evaluated the gap between bankers' perceptions of the customers' expectations of the levels of the service quality provided in the United States banks. They used 22 items of the SERVQUAL instrument to measure this gap. The findings of this study revealed that there is agreement in most SERVQUAL questions in which eighteen out of the twenty two questions are no differences between bankers' perceptions and customers' expectations of the service quality.

4.8 The relationship between employees' and customers' satisfaction

Many studies have proved that there is positive correlation between employees and customers satisfaction (see such as Tornow and Wiley, 1991; Bernhardt *et al.*, 2000; Harter *et al.*, 2002 and Homburg and Stock, 2004, 2005).

The theory gap of service quality by Parasuraman *et al.*, (1985) suggests that consensus between the managers, employees and customers with regard to what leads of dis/satisfactory service is important to achieve customer satisfaction.

LeBlanc and Nguyen, (1988) and Howcroft, (1992) found that customer satisfaction is the most important determinant of service quality. The organisation's ability to satisfy customer expectations may be an important element in the provision of high service quality to customers.

Hallowell *et al.*, (1996) observed that service organizations seldom have satisfied their customers without having satisfied their employees.

Athanassopoulos, (1997) examined customer satisfaction in the Greek banking sector from service providers' own and perceived viewpoints and he noted that the assessment of customer satisfaction enables the management to distinguish between the quality of the provided services as perceived by themselves and as they think it is perceived by their customers.

Wangenheim *et al.*, (2007) revealed that customer' perceptions and satisfaction depends on the satisfaction of employees. They indicated that employee and customer satisfaction is an outcome of the quality of the work between service providers and customers. Management therefore must take into it account the integration of employee satisfaction of all groups into their performance tracking systems.

As well as adoption of the relationship between employee and customer satisfaction, the theoretical methods of some researchers also have supported this correlation between employees and customers satisfaction.

ASA (Attraction-selection-model) model by Schneider *et al.*, (1995) built the relationship between employees and customers satisfaction on the basis of its hypothesis of homogenous attitudes within a group of employees. This model is supported by some

empirical studies such as Koys, (2001) who built his study on the ASA model and confirmed a positive relationship between employee satisfaction and customer satisfaction.

According to balance theory, the relationship between customer and employee is balanced if the two persons have the same attitudes regarding certain issues. The employee has more knowledge about offered and provided services. Therefore, their satisfaction positively influences customer satisfaction (Wangenheim *et al.*, 2007).

In addition emotional contagion theory refers to the transference of emotion between interacting individuals. Employee job satisfaction is expected to have an impact customer satisfaction by the employees' show of emotion that produce corresponding changes in the customers' affective state.

4.9 Implications of the literature for Libya.

Banking services in Libya were chosen for this study because this industry is a major infrastructural component of an economy, potentially making the findings applicable to other developing economies. Libyan banking sector has become relatively competitive in recent years due to the privatization and liberalization of banks. This change in Libyan economic policy resulted in the entry of numerous domestic and multinational firms to engage in this sector.

The main objective of this study was to examine and compare service quality provided by Libyan commercial public and private banks from customers and bankers standpoints. Therefore, this measurement and comparison between public and private commercial banks will distinguish them from other competitors in this environment. The consequent increase in competition should make service quality a key differentiating factor for these banks attempting to increase their customers' satisfaction and retaining which will improve their market and profit positions.

The conclusions that can be drawn from the literature review are the following:

- Literature review focused on studies involving mainly western and Fareast countries (see for example: Ennew and Binks (1996) and Abdul Razak and Chong (2007).

- This literature review helped in forming a structure for this study, and identifying the method and general conclusions from previous studies that could be related to this study. Furthermore looking at previous studies was helpful in achieving the aims and analysing the different methodologies and techniques that have been used, in order to decide which is the most appropriate for this study. In addition, results of these studies are comparable with the results of this study.
- There is a gap in the literature regarding empirical research using the extended SERVQUAL model. As the first study in the banking sector to use this extended model this research thesis aims to fill that gap.

The relevance of the above literature to the context of Libyan banking sector which is predominantly still conventional and has not developed fully is appropriate.

Despite the fact that the literature review has provided useful and interesting insights which will benefit the banking sector in Libya, however, it has relatively little impact in the near future.

4.10 Summary

Service quality can be represented using a gap model of perceived service quality which was defined and developed by Parasuraman *et al.*, (1988, 1991 and 1994). This model (SERVQUAL) based on the discrepancy between customer's expectations and perceptions which was used widely in the banking industry. This chapter started by reviewing service quality in the banking sector in general which included importance and definition of service quality in this sector as well as service quality in the banks in developing countries. This chapter included service quality in the banking sector through concentration on a study of the gap between customer's expectations and perceptions of service quality in the banking sector in addition to the gap between employees and managers perceptions of customer's expectations.

According to results of this literature, the SERVQUAL model was dominant as used as many of these studies. The results showed that there are differences between customer's standpoints of their expectations and perceptions with respect to service provided. These overviews have showed also differences between perceptions of employees and

managers of customers' expectations. Finally, these results showed also a paucity of this kind of study in developing economies of which Libya is one.

As a result, this study will use the SERVQUAL scale as the first of its kind targeting the Libyan banking sector for measuring customer's expectations and perceptions of service quality and measuring the gap between perceptions of employees and managers of customer's expectations in the Libyan commercial banking sector. Furthermore, most of the research on service quality in banks has been in the context of US and European banking institutions. Therefore, it is important to also study banking institutions based in developing economies like Libya.

The following chapter will provide a detailed discussion of the research design and methodology issues that the researcher needs to deal with. It also explains the reasons for selecting methods for data collection, and describes the design of the data collection instruments.

CHAPTER FIVE

RESEARCH METHODOLOGY

5.1 Introduction

Chapters three and four reviewed the principal literature relating to service quality, especially, the significant literature relating to service quality in the banking sector with a concentration on the gap between customer's expectations and perceptions and the discrepancy between bankers' perceptions and customers' expectations. The discussion has been addressed within the context of the research setting introduced in chapter two and guided by the review of the literature in chapters three and four.

The aim of this chapter is to explain the research philosophy and design that have been employed by this study and to explain the procedures employed to collect and analyse the data. This chapter introduces the methodology adopted in this study which is to use the SERVQUAL model to analyse the gaps between expectations and perceptions of service quality as received by customers of Libyan public and private banks and between bankers' perceptions of customers' expectations and actual customers' expectations. Also this study is intended to assess the relative importance of the SERVQUAL dimensions from customers' and bankers' standpoints. More specifically, this chapter is structured as follows; the first part (5.2) focuses briefly on the literature of research methodology and design. This is followed by research philosophy (5.3) which included research paradigms. The research strategy is described (5.4) and is followed by a description of the data collection methods (5.5). And then describes the research population and sampling procedures (5.6). Finally, the chapter ends with a discussion of the statistical methods used in this research.

5.2 Research design and research methodology

In preparing the research methodology, a researcher must acknowledge the relationship between some of the concepts that play an important role in the preparation of this methodology. These concepts include the research design, research methodology and research method.

Research design is the science and art of planning procedures for conducting research studying in order to achieve the best results. It is an important choice and has a major

role to play on the whole of the research as it provides a detailed plan to guide and focus the research (Hussey and Hussey, 1997; Collis and Hussey, (2009). Furthermore, determining the research design provides a detailed plan which is used to guide and focus the research. Yin (2003) showed that research design is the “blueprint” that helps the researchers to solve any problems or difficulties. Moreover, it presents a plan that demonstrates how you will answer the research questions (Hussey and Hussey, 1997 and Saunders *et al.*, 2009). On the other hand, the definition of the research program is an important issue to determine the purpose of the research that in turn forms the basis for the research design (Zikmund, 2003). Understanding this definition helps to determine the research design and helps the researcher to select and identify which designs will work (Easterby-Smith *et al.*, 2002).

A research design is the plan that guides the researcher in the process of collecting, analyzing and interpreting observations (Nachmias and Nachmias, 1976). Moreover, Creswell (2003) argues that a researcher should choose his research design at an early stage of the research, because research design determines: (i) research methodology, (ii) data collection methods, and (iii) data analysis and interpretation methods. Hussey and Hussey, (1997) on the other hand, summarised the research design process to include identifying the research problem and developing a theoretical framework, determining the purpose and defining research questions, deciding methodology, determining expected outcome and identifying the limitations of the study.

The research methodology is an important tool for research and includes systems of rules and procedures that combine many of the research procedures and measurements such as building and designing questionnaires and selecting the statistical procedures to be used (Ghauri and Gronhaug, 2005). Therefore, the researcher needs to be accurate in the choice of their research methodology.

Research methodology is the overall approach to the research process, from the theoretical underpinning to the collection and analysis of the data (Hussey and Hussey, 1997). Accordingly, it is based on the cause, type, location and time of data collection, in addition, to show how to collect and analyse this data. According to the discussion, the research design is more holistic and includes the research methodology

There is a degree of confusion over the relationship between the concepts, methodology and methods. Some writers use them interchangeably (see for example Saunders *et al.*, 2009) and the rest of them use it as though they were synonyms (see for example Wilson, 1999).

Wilson (2002) indicates that methodology is prior to method as fundamentally it provides the philosophical groundwork for methods. Saunders *et al.*, (2009) on the other hand, showed that methodology refers to the theory of how research should be carried out. It is the philosophical basis for method and deals with the philosophical assumptions underlying the research process, while a method to refer to techniques and procedures for data collection and analysis under these philosophical assumptions.

Collis and Hussey (2009) therefore, preferred to distinguish between the two terms that methodology refers to the overall approach to the research process, from the theoretical underpinning to the collection and analysis of the data. Method, on the other hand, refers to the techniques and procedures used to obtain and analyse data. It therefore includes questionnaires, observations and interviews as well as both quantitative (statistical) and qualitative (non-statistical) analysis techniques.

Based on the above discussion, research design is more comprehensive and includes research methodology, while research methodology includes research method, which is part of this methodology. The following figure shows the relationship between these terms.

Figure 5.1 Relationship between research design, research methodology and research method.



5.3 Research philosophy

Selection of the research philosophy is one of the most important issues that researchers should take into account when trying to answer a problem (Collis and Hussey, 2009). Easterby-Smith *et al.*, (2002) indicate that research philosophy is very useful and important for the following reasons: (i) It can sustain in clarifying research design; (ii) It can help the researcher to recognise the suitable design for the research; and (iii) It can help the researcher to identify and create designs that may be outside researchers past experience.

According to Hussey and Hussey (1997); Easterby-Smith *et al.*, (2002) and Collis and Hussey, (2009) there are two opposing philosophical/methodological philosophies or paradigms in research called positivism and phenomenology. They preferred alternative terms for these main research paradigms, the most common of which are quantitative and qualitative approaches. Moreover, Riege, (2003) indicate that these terms linked with deductive and inductive approaches that showed that positivism is associated with quantitative and deductive approaches whereas phenomenology is associated with qualitative and inductive approaches.

5.3.1 Positivism versus phenomenology

The positivism paradigm is an approach to social research that seeks to apply the facts or causes of any social phenomenon. Hussey and Hussey, (1997) argue that “*Positivism is founded on the belief that the study of human behaviour should be conducted in the same way as studies conducted in the natural sciences*” (P 52). In contrast, the phenomenological paradigm is human belief and activity by focusing on the meaning, rather than the measurement, of social phenomena and an attempt by the researcher to understand what is happening and why it is happening (Hussey and Hussey, 1997). The approach stems from the view that “reality” is socially constructed by focusing on the meaning, rather than the measurement, of social phenomena (Easterby-Smith *et al.*, 2002).

Selecting the research paradigm has great importance for the methodology. Accordingly, there have been many researchers in research methodology who considered a number of distinguishing characteristics for positivism and phenomenological paradigms (see for example Gill and Johnson 1991 and Hussey and

Hussey 1997). These characteristics are summarised in table (5-1) by Collis and Hussey (2003) as follows:

Table 5.1 Features of the positivism and phenomenological approaches

Positivism approach	Phenomenological approach
Tend to produce quantitative data	Tend to produce qualitative data
Uses large sample	Uses small sample
Concerned with hypothesis testing	Concerned with generating theories
Data is highly specific and precise	Data is rich and subjective
The location is artificial	The location is natural
Reliability is high	Reliability is low
Validity is low	Validity is high
Generalises from sample to population	Generalises from one setting to another

Source: Collis and Hussey (2003)

On the other hand, advantages and disadvantages of both paradigms have been considered by some research. Saunders *et al.*, (1997: P74) summarised it in table (5.2) as follows:

Table 5.2 Key advantages and disadvantages of the positivism and phenomenological approaches

	Positivism	Phenomenology
Advantages	<ul style="list-style-type: none"> - Economical collection of large amount of data - Clear theoretical focus for the research at the outset - Greater opportunity for researcher to retain control of research process - Easily comparable data 	<ul style="list-style-type: none"> - Facilitates understanding of how and why - Enables researcher to be alive to changes which occurs during the research process - Good at understanding social processes
Disadvantages	<ul style="list-style-type: none"> - Inflexible-direction often cannot be changed once data collection has started - Weak at understanding social process - Often doesn't discover the meaning people attach to social phenomena 	<ul style="list-style-type: none"> - Data collection can be time consuming - Data analysis is difficult - Researcher has to live with the uncertainty that clear patterns may not emerge - Generally perceived as less credible by "non-researchers"

Source: Saunders et al., (1997)

5.3.2 Quantitative versus qualitative

Both qualitative research and quantitative research have an important role to play in academic marketing (Saunders *et al.*, 2007 and Hanson and Grimmer, 2007). On the other hand another important issue that the researcher takes into account when preparing the research methodology is to determine the tool that will help collection, analysis and interpretation. Therefore, researchers have indicated that the most popular terms across authors are two distinct methods in the social sciences called quantitative and qualitative approaches or some mix of the two (Hussey and Hussey, 1997; Sarantakos, 1998; Collis and Hussey, 2009 and Saunders *et al.*, 2009).

Quantitative research represents use of numerical data which is objective in nature which contains testing a theory, measured with numbers, and analysed using statistical techniques (Hussey and Hussey, 1997). Saunders *et al.*, (2009) argued that most research uses some numerical data in helping to answer research questions. The quantitative approach uses a structural measurement and focuses on analysis of relationships between certain variables and simple processes so that measurement of variables or counting occurrences of a phenomenon (Collis and Hussey, 2003). Generally, quantitative research is generally approached using scientific methods which include:

- The generation of model, theories and hypotheses ;
- The development of instruments and methods for measurement ;
- Experimental control and manipulation of variables ;
- Collection of empirical data ;
- Modelling and analysis of data ;
- Evaluation of results

Qualitative research, however, is nominal or non-numerical data that is subjective in nature and includes examining and reflecting on perceptions so as to gain an understanding of social and human beliefs (Hussey and Hussey, 1997). The qualitative approach aims to have a richness of detail rather than statistical generalisations through emphasis of meaning and experiences related to the phenomena. Accordingly, the skills and experiences of researchers play an important role in the collecting, analysing and interpreting of qualitative data by observing what people do and say (Creswell, 2007)

Much debate on the choice of research methods has tended to revolve around the choice between quantitative and qualitative methods. Hussey and Hussey, (1997) point out that the fundamental distinction between quantitative and qualitative research is considered to be that quantitative researchers employ measurement and qualitative researchers do not. On the other hand, Lee, (1992) argues that the basic distinction between both approaches is that the quantitative approach is objective and the qualitative approach is subjective. Moreover, McDaniel and Gates, (1996) summarised the major differences between quantitative and qualitative methodologies in table (5-3) as follows:

Table 5.3 Distinctions between quantitative and qualitative research

Comparison dimension	Qualitative research	Quantitative research
Types of questions	probing	Limited probing
Sample size	Small	Large
Information per respondent	Much	Varies
Administration	Requires interviewer with special skills	Fewer special skills required
Type of analysis	Subjective, interpretive	Statistical, summarization
Hardware	Tape recorders, projection devices, video, pictures, discussion guides	Questionnaires, Computers, Printouts
Ability to Replicate	Low	High
Training of the Researchers	Psychology, Sociology, Social Psychology, Consumer Behaviour, marketing research	Statistics, decision models, decision support systems, computer programming, marketing research
Type of research	Exploratory	Descriptive or causal

Source: McDaniel and Gates, (1996)

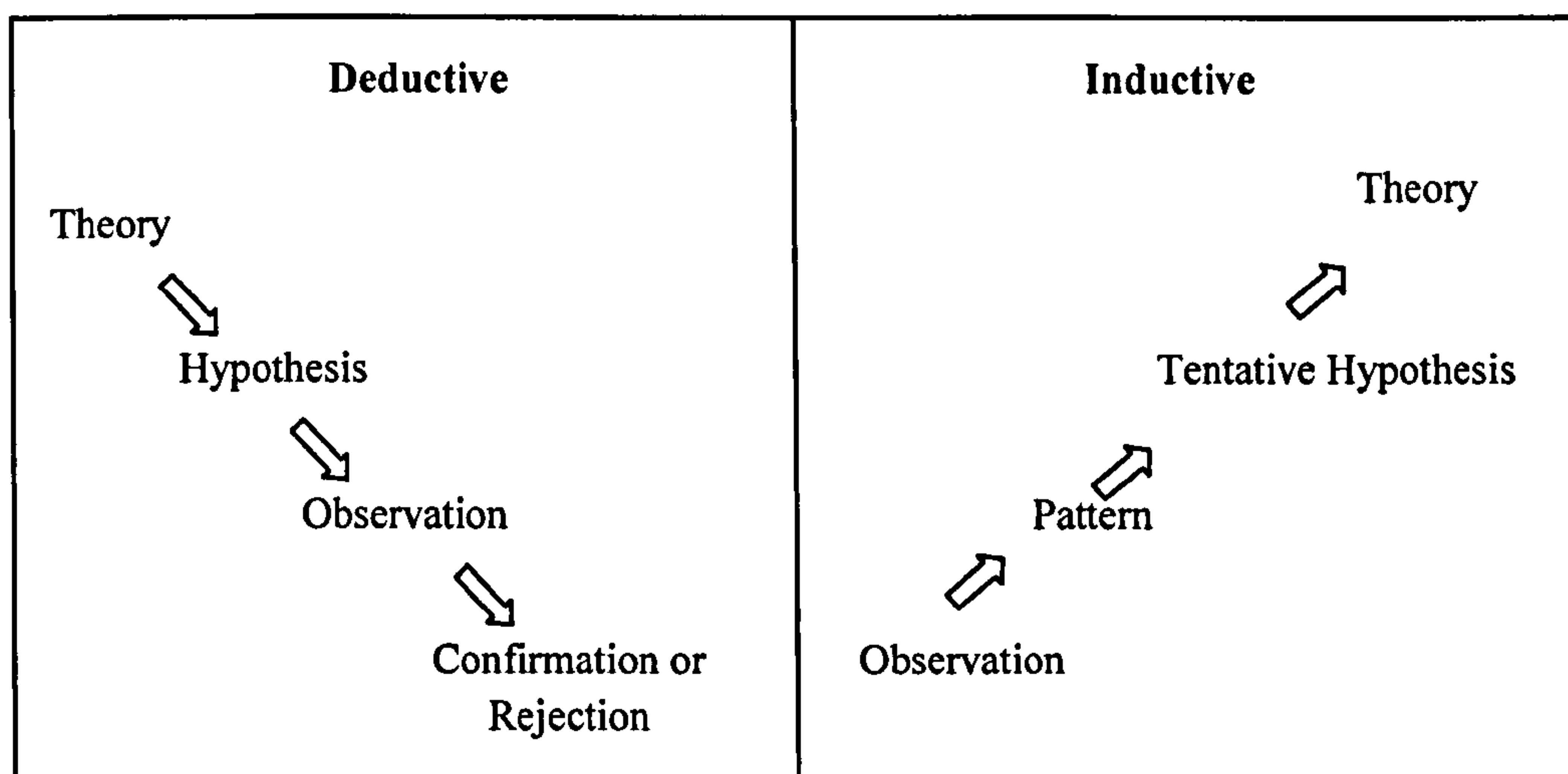
5.3.3 Deductive and inductive

Deductive and inductive presents two alternative ways or stages of building theories. Theories based on deductive and inductive approaches help to understand, explain, and/or predict business phenomena (Sekaran, 2003). Inductive is the process of observing facts to generate a theory (Ghauri and Gronhaug, 2005). In contrast, deductive contains the gathering of facts to confirm or reject the hypothesized relationship between variables that have been deduced from existing knowledge. Therefore, deductive research starts with the existing theories and concepts, and formulates hypotheses that are later tested with the help of empirical data. On the other

hand, inductive research starts with the empirical data, and the result is the emergence of concepts, models, and eventually theories (Gummesson, 2000). More specifically, deductive is based on the interpretation of the meaning of the results of data analysis by logical generalization of a known fact, whereas in inductive the focus is on a general proposition based on observed facts (Sekaran, 2003). In practice, hypotheses are tested through deductive research and generated through inductive research. Figure 5.1 shows the means of these approaches.

Moreover, Saunders *et al.*, (2009) indicate that the deductive approach is used with the literature to help develop theories and hypotheses that she/he will test using data.

Figure 5.2 The means of deductive and inductive approaches



Source: Trochim, (2001)

Whereas, the inductive approach research collects data and develops theories as a result of data analysis. Thus, deductive research is referred to as moving from the more general to the more specific and inductive research is referred to as moving from the specific to the general (Collis and Hussey, 2009). Saunders *et al.*, (2009: 127) summarises the main differences between deductive and inductive approaches to research in table (5.4) as follows:

Table 5.4 Main differences between deductive and inductive approaches

Deductive emphasises	Inductive emphasises
<ul style="list-style-type: none"> - Scientific principles - Moving from theory to data - The need to explain causal relationships between variables - the collection of quantitative data - the application of controls to ensure validity of data - the operationalisation of concepts to ensure clarity of definition - a highly structured approach - researcher independence of what is being researched - the necessity to select samples of sufficient size in order to generalise conclusions 	<ul style="list-style-type: none"> - gaining an understanding of the meanings humans attach to events - a close understanding of the research context - the collection of qualitative data - a more flexible structure to permit changes of research emphasis as the research progresses - a realisation that the researcher is part of the research process - less concern with the need to generalise

Source: Saunders et al., (2009)

Finally, as this thesis uses an existing theory by having a research instrument or model (i.e. SERVQUAL), and formulates hypotheses, and finally collects data in order to evaluate it. Hence, this research is based on a deductive approach.

Adopting the quantitative (positivistic) paradigm generally leads to the employment of the deductive approach with specific research methodologies such as longitudinal studies, cross-sectional studies and surveys. In contrast, adopting the qualitative (phenomenological) paradigm generally leads to the employment of the inductive approach with research methodologies such as case studies. Earlier, Creswell (1994) suggested several criteria to determine the appropriate research approach to adopt. Based on these criteria, Saunders *et al.*, (2009: 127) argued that the most important of these are:

- The nature of the research topic. A topic which includes a wealth of literature that helps in developing a theoretical framework and hypotheses lead to adopting the deductive approach. While, a new topic with little existing literature may be more appropriate to adopt the inductive approach.

- Time available to the researcher. The deductive research involves a shorter period of time than that required of the inductive approach. Therefore, the deductive approach can be a lower-risk strategy than the inductive approach.
- Audience preferences. Most managers are familiar with the deductive approach and much more likely to put faith in conclusions resulting from this approach.

Based on the aforementioned criteria, this research has adopted a quantitative (positivistic) paradigm in its design to achieve the research objectives, and to provide a basis for generalising the results. This leads to the adoption of a research methodology that is concerned with employing quantitative methods of data collection. In this context, Hussey and Hussey, (1997) and Collis and Hussey, (2003) argued that it is not unusual in business research to take a mixture of approaches, particularly in the methods of collecting and analysing data. They argued also that the dominant paradigm in business research is the positivistic paradigm resulting in researchers not having to expend time justifying the methodology adopted. In contrast, the phenomenological paradigm may require more time for researchers to justify the methodology adopted. The selection of a quantitative approach also fits well with Hussey and Hussey's views (1997: 20) who defined quantitative research as, "an objective approach which includes collecting and analysing numerical data and applying statistical tests". In addition to these arguments, the following justifications supported the selected philosophy for this research:

- Most of the measuring service quality studies in the banking sector have been conducted by adopting a quantitative research philosophy (Gap theory of Parasuraman *et al.*, 1988, 1991) in their design to examine and compare the service quality in this sector; for example: Lewis, (1991); Kwan and Hee, (1994); Kangis and Voukelatos, (1997); Arasli *et al.*, (2005); Bhat, (2005); Abdul Razak and Chong, (2007) and Tahir and Abu Bakar (2007).
- Some of the empirical studies which examine and compare service quality in the banking sector have been carried out by adopting a quantitative research philosophy (Gap theory of Parasuraman *et al.*, 1988, 1991). For example: Newman and Cowling, (1996); Yavas *et al.*, (1997); Lassar *et al.*, (2000); Bexley *et al.*, (2005).

5.4 Research strategy

As Saunders *et al.*, (2007) state; the research strategy is the general plan that enables the researcher to answering the research questions. It will contain clear objectives, derived from the research questions, specify the sources from which the researcher intends to collect data and consider the constraints that the researcher will inevitably have such as access to data, time, location money and ethical issues (Saunders *et al.*, 2007).

Robson, (2000) suggests three research strategies which he labelled: experiment, survey and case study. Based on type of research questions, required control over behavioural events and focus on contemporary events, Yin, (2003) identified two further strategies called archival analysis and histories. He indicated that these five different research strategies are used when collecting and analysing empirical evidence. He provided three conditions to determine which strategy to use. Table (5-5) shows the relevant situations for these strategies.

Table 5.5 Relevant situations for different research strategy

Research strategy	Form of research question	Requires control over behavioural events	Focuses on contemporary events
Experiment	How, why?	Yes	Yes
Survey	Who, what, where, how many, how much?	No	Yes
Archival analysis	Who, what, where, how many, how much?	No	Yes, No
History	How, why?	No	No
Case study	How, why?	No	Yes

Source: Yin, (2003)

Since this study is based on a deductive and quantitative approach, and it's going to collect answers from a large number of customers by questionnaires, survey strategy seems to be the best choice. This is selected as a result of their extensive use within service quality research in general and especially on customers' expectations and perceptions of this service.

5.5 Data resources and data collection methods

Data collection methods are an essential stage of a research design. The appropriate selection of data collection methods enables the researchers to achieve the objectives of the study. Saunders *et al.*, (2009) explain that when gathering data and information to meet the objectives for the research questions and hypotheses there are two major

approaches to gathering information about a situation, person, problem or phenomenon, these being termed primary and secondary data. Primary data is original data collected by the person who is doing the research for the specific purpose at hand such as the questionnaire, interview, observation and experiment. While secondary data are data that have already been gathered by researchers other than the user from former existing government and academic publications, and public databases with different purposes in mind. Sekaran, (2003) indicates that quantitative methods may include use of telephone surveys, structured interviews and questionnaires. While, qualitative methods of data collection include methods of interviews, focus groups and observations. The most popular methods used in measuring service quality research are surveys and case studies.

The case study method is involved when researchers wish to get a greater understanding of the research context. Yin, (2009) defines a case study as an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident. Case studies are the dominant form of qualitative research in industrial marketing (Piekkari *et al.*, 2010). Case study research is subject to several barriers such as having access to the companies and particularly for overseas researchers, that of language barriers. In addition, the literature on banking service quality is large and the contributions of case studies to this are often limited, in contrast survey contributions in general and specifically in this field are numerous and various. Therefore, it was decided to use the survey method as an appropriate method for achieving the objectives of this research.

The survey strategy is a popular and common strategy in business, management and marketing research (Saunders *et al.*, 2009) and is usually associated with the deductive approach (positivistic philosophy). It is an efficient strategy that allows the collection of large amounts of data from a sizeable population in a highly economical way. According to Bryman, (1988: 109) the survey is an appropriate means of gathering data under three conditions, these being:

- when the goals of the research call for quantitative data,
- when the information sought is reasonably specific and familiar to the respondents and

- when the researcher has considerable prior knowledge of particular problems and the range of responses likely to emerge.

Moreover, when the aim of the study is to obtain determined answers to questions like “what”, “when”, “where” and “how many”, the survey questionnaire represents a sound choice (Bryman, 1995).

Questionnaires, observations and interviews are the three main data collection methods used in survey research. They can be used for description, explanation, and/or hypothesis testing (Remenyi and Williams *et al.*, 1998). However, interviews and questionnaires are the most extensively used in surveys (Easterby- Smith *et al.*, 2002). Therefore, these two methods are examined in the following sub-sections.

5.5.1 Interviews

The interview is one of the most important data collection methods in qualitative research (Punch, 1998). This method of data collection interviews respondents to obtain information on the subject of interest. There are three major types of interviews (Collis and Hussey, 2009): structured interviews, semi-structured interviews and unstructured (in-depth) interviews. All can be conducted either by face to face, or telephone or online. Each one of these methods has advantages as well as disadvantages. Oppenheim, (1992), states that the advantage of interviews is that they usually achieve a high response rate and they also are easier to conduct than group interviews with respondents to provide additional information and reliable answers (Cooper and Schindler, 2008). The disadvantages of interviews are that they can be very time-consuming and costly. It was indicated by Oppenheim (1992: 83) that interviews will take weeks if not months to complete for a study. Yin, (2009: 102) added that the disadvantages of interviews lie in: bias due to poorly articulated questions, response bias, inaccuracies due to poor recall and reflexivity- interviewee gives what interviewer wants to hear.

5.5.2 Questionnaires

To gather the perspective of customers and providers services with regard to the level of service quality provided by Libyan commercial banks and to achieve the purposes of this research, the questionnaire method was used. The research aims sought to gather and explore the expectations and perceptions of customers and providers (managers and

employees) services in Libyan commercial banks with respect to service quality in these banks. In this respect Hussey and Hussey, (1997) argued that individuals' perspectives can be examined by utilising either questionnaires or interviews. However, Veal and Ticehurst, (2005: 49) state that "questionnaire-based surveys should only be used when quantified information is required concerning a specific population and when an individuals' own account of their behaviour and attitudes are acceptable as a source of information". Furthermore, several researchers considered that questionnaires are the most popular method for collecting data from people (See for example, Oppenheim, 1992; Easterby-Smith *et al.*, 2002; Sekaran, 2003; Havaladar, 2008 and Collis and Hussy, 2009) and questionnaires as part of a survey strategy have long held a dominant role in the conduct of research projects (Frazer and Meredith, 2000). Many researchers have used the questionnaire method in measuring service quality in different sectors generally and particularly in the banking sector (see for example: Fick and Ritchie, (1991) in the travel and tourism industry; Bouman and Van der Wiele, (1992) in the car service industry; Kong and Mayo, (1993) in the business-to-business context; Lam *et al.*, (1997) in the clubs sector; Mei *et al.*, (1999) in the hospitality industry and Sureshchandar *et al.*, (2002) in the banking industry).

A questionnaire is a method for collecting data to discover opinions, using a large group of respondents or population, regarding certain issues (Collis and Hussey, 2009). The main purpose of the questionnaire is to obtain information that cannot be easily observed. Therefore, this information will be used for description, explanation and hypothesis testing (Remenyi and Williams *et al.*, 1998; Saunders *et al.*, 2007).

Some of the fundamental concerns with using questionnaires include the need for sampling, ensuring effective responses and a high response rate. In turn these three elements are related to the principal advantages and disadvantages of using this method, (Oppenheim, 1992). Therefore, the most important advantages of this method of data collection lie in its efficiency of obtaining data quickly and cheaply (Sekaran, 2003). Moreover, a questionnaire is less expensive and less time consuming than conducting interviews and very large samples can be covered (Hussey and Hussey, 1997).

5.5.2.1 Administering questionnaires

One of the biggest problems that survey researchers face is the possibility of low return rates on questionnaires. Because the administration method has a significant bearing on the format and to some extent also on the content of the questionnaire, this section will deal with the different types of questionnaire administration. Questionnaires can be administered in a variety of ways. They are usually conducted personally, mailed to respondents or electronically distributed (Easterby-Smith *et al.*, 2008).

Mail questionnaires

With the adoption of this method, respondents receive by post a copy of the questionnaire with a covering letter and a prepaid envelope. Participants then read and answer the questionnaire questions without any contact or help from the researcher. The main advantages of this type include time savings and the low cost of data collection. There is no interviewer bias, and it is possible to reach people who are otherwise inaccessible (Sarantakos, 1998 and Sekaran, 2003). On the other hand, there are some disadvantages of mailed questionnaires revealed by research to include low response rates because there is no personal contact with the respondent, no control over the order in which questions are answered or a check on incomplete questions. Furthermore, researchers will not be confident that the appropriate person has responded to the questionnaire because the respondent's identity and the conditions under which the questionnaire was answered are unknown (Oppenheim, 1992; Hussey and Hussey 1997; Sekaran 2003 and Saunders *et al.*, 2007).

On-line questionnaires

An on-line questionnaire is a data collection method that is delivered and returned electronically via the internet, as an online questionnaire (Saunders *et al.*, 2007). Respondents access the web page, read the questionnaire and enter their responses directly on to the page. As with the other methods of data collection this type of questionnaire has advantages and disadvantages. The main online questionnaire considered by Bryman and Bell, (2007) and Saunders *et al.*, (2007) found that by this questionnaire, the researcher can make a direct connection with the respondents which may result in an increased response rate. Using this type of questionnaire also will reduce the distribution time and paper costs.

Personally administered questionnaires

The personally administered questionnaire is usually presented to the respondents by an interviewer or by someone in an official position (Oppenheim, 1992). Collis and Hussey (2003) considered personally administered questionnaire to be one of the best tools for data collection. In line with Collis and Hussey (2003), Sekaran (2003) viewed the personally administered questionnaire as an effective method, if the survey is confined to a local area and the researcher wants to target a group of respondents at their place of work. This type of questionnaire takes two forms in terms of the distribution method. The first form is self administered questionnaires, in which the interviewer presents the questionnaire to the respondent, and then the respondent is left alone to complete the questionnaire. This allows the questionnaire administrator to create rapport with the respondent, to explain the purpose of the enquiry and to encourage cooperation. The second form is the group-administered questionnaire, which are also given to groups of respondents assembled together in order to complete them.

The main advantages of personally administered questionnaires suggested by (Oppenheim, 1992) and (Sekaran, 2003) are as follows:

- Researchers can collect the completed responses of a large number of respondents within a short period of time, so this method offers the advantage that response rates tend to be high, offer accurate sampling, a minimum of interviewer bias and comprehensive data can be collected
- If there are any doubts that the respondents might have on any questions, the researcher could clarify them on the spot.
- Administering questionnaires to large numbers of respondents at the same time is quick and less costly than interviewing.
- It does not need as much skill to administer the questionnaire as to conduct interviews.
- It gives the researcher the opportunity to check the completeness of the questions in the questionnaire.

In contrast, the disadvantages lie in that the questionnaire is a more expensive and time consuming method than other methods. Additionally, respondents may hesitate to respond to sensitive issues.

For such advantages questionnaires are best administered personally to groups of people (Sekaran, 2003). Further, an analysis of responses from a large number of bankers and customers would achieve the objectives of this research. A self administered questionnaire was therefore considered to be the most appropriate method of data collection. Another reason for choosing this type of questionnaire is that Libya is a developing country with a very poor postal and internet system. On the other hand, many researchers used this method in measuring service quality in different sectors such as: Brown and Swartz, (1989) in medical services; Patterson *et al.*, (1997) in business professional services; Witkowski and Wolfinbarger, (2002) in sectors of banks, medical care, retail clothing stores, postal facilities, and restaurants; Chooi Sim and IDRUS, (2003) in the education sector; Juwaheer, (2004) and Akbaba, (2006) in the hotel industry; Radder and Wang, (2006) in the guest house service and Arasli *et al.*, (2008) in the hospitals sector.

5.5.2.2 Question types and format

Researchers select the appropriate scales as well as designing the questionnaire format to meet the data requirement. To do so, the researcher decides question format, wording and instructions for responding to questions and appropriate scales (Easterby-Smith *et al.*, 2008). To ensure that questions were clear and valid, several researchers (Oppenheim, 1992; Sekaran, 2003; Hair *et al.*, 2008 and Saunders *et al.*, 2009) suggest principles of wording the questionnaire questions. The type and the form of questions asked were the most important issues. Other issues are related to: the general appearance of the questionnaire; the sequencing of the questions; including a level of language sophistication, checklist and how the variables should be categorised, scaled and coded together with the identification and definition of the concepts to be measured. A method of measurement also needs to be determined.

Relation questions type can be classified in different ways and have been by different authors. They can be classified into open-ended and closed questions (Hussey and Hussey, 1997; Collis and Hussey, 2003; Ghauri and Grønhaug, 2005 and Saunders *et al.*, 2009).

Open-ended questions allow respondents to talk about whatever is important to them and are free to answer in any way they choose. The advantage of open-ended questions

that it allows respondents to include more information, including feelings, attitudes and understanding of the subject (Ticehurst and Veal, 2000). Moreover, by these questions, researchers do not influence the respondent's answers excessively. However the disadvantages of this type of questions lie in difficult to analyze some questions and the low response rate because of the respondents not having enough time to answer long questions (Ticehurst and Veal, 2000).

Closed questions, in contrast, refer to a range of alternative answers that respondents are required to choose from (Collis and Hussey, 2003; Sekaran, 2003 and Saunders *et al.*, 2007). Closed questions help respondents to make quicker and easier decisions. Additionally, it is often easier and quicker for the researchers to record and analyse their data, because the possible responses are already categorised. However, the main problems with closed questions are that they are appropriate only when the set of possible answers are known and clear. Therefore, the information obtained through them lacks depth and variety. Also they can create false opinions, either by giving a limited range of options from which to choose, or by prompting the study participants with 'acceptable' answers (Bryman and Bell, 2007 and Saunders *et al.*, 2007). Closed questions can be classified (Saunders *et al.*, 2007 P 369-375) into the following types:

- **List questions:** This type offers the respondent a list of responses any of which can be chosen. Such questions are useful when the researcher needs to ascertain that the respondent has considered all possible responses.
- **Category questions:** in this type questions are designed so that each respondent's answer can fit only one category. Such questions are useful to collect data about attributes.
- **Ranking questions:** in this type the respondents are asked to place things in rank order. Such questions are useful to discover the relative importance to the respondents.
- **Rating questions (Scale questions):** this type is often used to collect attitude and beliefs data. The most common approach is the Likert scale in which the researcher asks the respondents how strongly they agree or disagree with a series of statements.

- Quantity questions: in this type the answers of respondents are recorded as a number giving the amount. Therefore, it tends to be used to collect behaviour or attribute data
- Grid questions: in this type the researcher can record the responses to two or more similar questions at the same time.

There is no agreement as to which style is most universally suitable. However, De Vaus, (2002) suggests that the choice between open and closed questions depends on such considerations as; ability to code open-ended answers; and the amount of time available to develop a good set of unbiased answers. As this study sought to examine the level of service quality provided by Libyan commercial public and private banks by using the SERVQUAL instrument as well as to determine the relative importance of service quality dimensions scale and ranking closed questions were adopted in this study. The justification for this choice being that this type of questions is typically used in quantitative studies employing large-scale surveys (Hair *et al.*, 2003). Furthermore, the rating scale is frequently used in business research (Sekaran, 2003, p. 199). According to Hussey and Hussey (1997, p. 171), the Likert scale is one of the more frequently used types. They do not need much space and are easy to complete by the respondents. Another reason for using closed questions is that the instrument of this study i.e. (the SERVQUAL scale) developed by Parasuraman *et al.*, (1988, and 1990) and by Zeithaml *et al.*, (1990) adopted this type of question numerous times and has been used by service quality researchers in different service.

5.5.2.3 Questionnaire design: the SERVQUAL instrument

The SERVQUAL questionnaire was used as the research instrument for data collection in this study. SERVQUAL is a survey instrument that purports to measure the quality of service rendered by an organisation along five dimensions: reliability, assurance, tangibles, empathy and responsiveness. The questionnaire based on SERVQUAL (Parasuraman *et al.*, 1988, 1991) was designed in this study to ensure that the precise data required would be collected from respondents to achieve the objectives of this study. It was used to measure the gap between customers' expectations and perceptions of service quality in the context of Libyan commercial banks (see Appendix 1). The questionnaire was designed to also measure the gap between managers and employees

(henceforth to be referred to as “bankers”) perceptions of customers’ expectations and actual customers’ expectations (see Appendix 2 and 3).

The research literature on service quality and customers satisfaction contains numerous models from numerous researchers over the past few years across different industries (e.g. Cronin and Taylor, 1992, 1994; Parasuraman *et al.*, 1985, 1988; Teas, 1993, 1994; Zeithaml and Bitner, 1996). However, the SERVQUAL instrument of Parasuraman *et al.*, (1988, 1991), a 22-item scale that measures service quality along five factors, namely, reliability, responsiveness, assurance, empathy and tangibles, forms the foundation on which rests all other works (Sureshchandar *et al.*, 2001,2002, 2003). It is still the principal and most important instrument for measuring service quality (Yavas *et al.*, 1997 and Angur *et al.*, 1999). In addition both 22 items and the five dimensions of this scale are the most important aspects and reasonably good predictors of service quality (Babakus and Boller, 1992; Bolton and Drew 1991; Brown and Swartz 1989; Carman 1990; Cronin and Taylor 1992 and Parasuraman *et al.*, 1991). On the other hand, during its applications as a method to measure service quality in different sectors, the SERVQUAL scale provides greater diagnostic information than other instruments it was compared with like the SERVPERF scale (see for example Angur *et al.*, 1999). Finally SERVQUAL was used by a lot of previous researchers in the financial sector, therefore, the findings of these studies will be compared with the findings of this study.

SERVQUAL is a concise multiple-item scale with good reliability and validity that retailers can use to better understand the service expectations and perceptions of consumers and, as a result, improve service (Parasuraman *et al.*, 1988). The reliability and validity of SERVQUAL is accepted by the many researchers who have measured service quality in different sectors, see for example: Llosa *et al.*, 1998 and Cook and Thompson, (2000)

As a result of those advantages, the SERVQUAL instrument has been applied extensively in many service areas such as: accounting firms (Bojanic, 1991, Freeman and Dart, 1993); apparel retailing (Gagliano and Hathcote, 1994); architectural services (Baker and Lamb, 1993); airline sector (Park *et al.*, 2004); Sultan and Simpson, 2000); banking sector (LeBlanc and Nguyen, 1988; Cronin and Taylor, 1992; Howcroft, 1993; Lewis, 1993; Avkiran, 1994; Blanced and Galloway, 1994; Kwan and Hee, 1994; Kangis and Voukelatos, 1997; Yavas *et al.*, 1997; Angur *et al.*, 1999; Lassar *et al.*,

2000; Newman, 2001; Sureshchandar *et al.*, 2003; Wang *et al.*, 2003; Arasli *et al.*, 2005; Abdul Razak and Chong, 2007; Tahir and Abu Bakar, 2007); business schools (Rigotti and Pitt, 1992); business-to-business channel partners (Kong and Mayo, 1993); car servicing (Carman 1990; Bouman and van der Wiele, 1992); Career services centres (Engelland *et al.*, 2000); clubs service (Lam *et al.*, 1997); computer service company (Edvardsson *et al.*, 1997); dental services (Carman, 1990); education sector (Ford *et al.*, 1999; Oldfield and Baron, 2000 and Sahney *et al.*, 2004); gas and electric utility (Babakus and Boller, 1992); Health care (Smith, 1995, Wong, 2002); hospitals (Mangold and Babakus, 1991; Babakus and Mangold, 1992; Lim and Tang, 2000); hospitality (Saleh and Ryan, 1991; Reynoso and Moore, 1995); insurance service (Ahmad and Sungip, 2008)); large retail chains (Teas, 1993); local government (Scott and Shieff, 1993); manufacturing sector (Chaston and Badger *et al.*, 2001); medical practice (Brown and Swartz, 1989); Public services (Bryslan and Curry, 2001); real estate (Johnson *et al.*, 1988); recreational services (Taylor and Sharland *et al.*, 1993); Service Mapping (Getz *et al.*, 2001); telecommunications service (Bolton and Drew, 1991); travel and tourism (Fick and Ritchie, 1991).

The final issue to be dealt with regarding the questionnaire design was its translation. Oppenheim (1992), states that the translation of questionnaires from one language to another is akin to entering a series of mine fields. Because Arabic is the primary language in Libya and the respondents might not have been able to answer an English-based questionnaire without some misunderstandings or ambiguities affecting the responses. Given that most of the relevant writings are in the English language the questionnaires were originally constructed in English and then translated into Arabic. In order to avoid potential problems relating to the translation process, several steps were undertaken when constructing the Arabic version, namely:

1. Reviewing previous questionnaires relating to measuring service quality using the SERVQUAL scale in Arab countries that were originally written in English and translated to Arabic such as Al-Rayes's study (2006). This review provided useful guidance regarding the most appropriate translation of specific financial and economic terms and expressions used in the questionnaires.
2. The first attempt to translate the questionnaire used in the study was discussed in detail with several experienced postgraduate colleagues in Liverpool John Moores

University and some PhD students from other UK universities whose native language is Arabic. These individuals were then provided with the Arabic version of the questionnaires and asked to assess whether the Arabic and the English versions corresponded accurately.

3. Some private translators in Libya reviewed both versions of the questionnaire (English and Arabic) to avoid any bias that might be encountered if the researcher undertook the translation by himself.

As a result of this process several changes and modifications were made to the questionnaire before it was distributed.

5.5.3 The pilot study

Prior to using the questionnaire to collect data it was necessary to test and pilot the questions. The purpose of this procedure is to refine the questionnaire to ensure that the questions are understood by the study participants (Oppenheim, 1992) and to establish that there are no problems with the wording, ambiguity or measurement (Sekaran, 2003) and to obtain some assessment of the questions' validity and the likely reliability of the data that will be collected (Saunders *et al.*, 2007: 386). Pre-testing may involve a small number of respondents to test the appropriateness of the questions and their comprehension (Sekaran, 2003). On the other hand, pre-testing may involve friends, colleagues and people of different opinions (Hussey and Hussey, 1997).

To maximise the likelihood of the questionnaire fulfilling its intended role and generating meaningful data in a Libyan context, this research took into consideration the aforementioned suggestions and concluded that the questionnaire used in this research underwent two stages of development prior to the distribution of the final version. During the first stage the first draft was piloted to a number of Libyan students in Liverpool John Moores University who are already customers of these banks and their perceptions were obtained on the wording, sequence and structure of the questions. The second stage of the pilot study took place in Libya, where a number of questionnaires were distributed to respondents. Based on this feedback, item 23 in the questionnaire was added.

5.5.4 Customer questionnaire

The SERVQUAL customer questionnaire includes four sections in this study. The first section was designed to measure the customers' expectations (E) regarding service quality in the banking industry and the second section was related to customers' perceptions (P) of service quality actually provided by the Libyan banks. The first and second part of the questionnaire includes 22 items of SERVQUAL and another item called bank charges. The bank charges item was adapted from bank service quality scale (BSQ) developed by Bahia and Nantel, (2000). The other reason for adding this item is that the Islamic religion does not allow for the charging of interest in the banking sector. Therefore, the customers need to know whether the service charges are consistent with the Islamic religion or not. The five dimensions, which are tangibles, reliability, responsiveness, assurance, empathy were after this addition grouped as follows:

- Tangibility, including question 1 to question 4
- Reliability, including question 5 to question 9
- Responsiveness, including question 10 to question 13
- Assurance, including question 14 to 17
- Empathy, including question 18 to 23

The first primary objective was to determine consumers' expectations of the quality of service delivery contrasted to their perceptions of the actual service delivery in commercial Libyan public and private banks. This was accomplished by utilizing a seven point Likert scale varying from Strongly Disagree (1) to Strongly Agree (7), and comparing the two sets of 23 questions against each other. The Likert scale is one of the more frequently used types. They do not need much space and are easy to complete by the respondents. According to Oliver (1996) a 5-7 point scale is more popular with researchers in view of its ability to minimise skewed responses. The issue of determining the length of Likert scale is controversial. Elmore and Beggs (1975) argued that a five point scale is just as good as any, and that an increase from five to seven or nine points on a rating scale does not improve the reliability of the ratings (Sekaran, 2003). Oppenheim (1992) in the same context indicated that several researchers have used a seven point scale rather than the usual five points. He also indicated that the reliability of Likert scales tends to be good, and the seven-point scale permits a greater range of answers for the respondents. However, the more points the researchers use, the

more precision they get on the extent of the agreement or disagreement with a statement (Hair *et al.*, 2003). Moreover, many researchers have been used the 7 point scale when examine service quality in the banking sector (see for example Angur *et al.*, 1999 and Arasli *et al.*, 2008). Therefore, the seven-point Likert scale is used throughout the questionnaire to provide a greater opportunity to respondents to answer the questionnaire in terms of Strongly disagree, Disagree, Slightly disagree, Neutral, Slightly agree, Agree, Strongly agree.

The third part of the customer questionnaire asked the customers to allocate 100 points among the five dimensions to determine the relative importance of these five dimensions. Those dimensions are the appearance of the bank's physical facilities, equipment, personnel, and communication materials; the bank's ability to perform the promised service dependably and accurately; the bank's willingness to help customers and provide prompt service; the knowledge and courtesy of the bank's employees and their ability to convey trust and confidence; and the caring, individualized attention the bank provides its customers. This is done so that the SERVQUAL dimensions can be weighted according to importance.

The last part of the questionnaire contains questions consists of personal profiles of the respondents including gender, age, educational level, bank type and duration of relationship with the bank. There is no agreement found in previous research regarding placing the personal information at the beginning or at the end of the questionnaire; it is a matter of choice for the researcher. However, some researchers prefer to place such information at the beginning as respondents may have psychologically identified with the questionnaire and feel committed to responding once they have said something about themselves at the beginning (Saunders *et al.*, 2007). Moreover, demographic questions are placed at the end of a questionnaire because they often ask personal information and many people are reluctant to provide this information to strangers (Hair *et al.*, 2008: 174). Other researchers argue that the respondents who start to answer the questions with great interested can by the end become less interested. Thus, Oppenheim (1996) recommends keeping the general information which is easy to answer at the end of the questionnaire.

5.5.5 Bankers questionnaires (managers and employees)

According to the objectives of this study there is a minor difference between customers and bankers questionnaires. The second primary objective related to managers and employees (henceforth to be referred to as “bankers”) perceptions of their consumers’ expectations in commercial Libyan public and private banks. Therefore, in the first section of this questionnaire, bankers were asked to indicate their level of agreement with the twenty-three items which were designed to obtain the bank’s perceptions concerning customers’ service expectations from their bank. The bankers instrument was scored in the same seven-point Likert-type scale (strongly disagree-strongly agree) found on the customer SERVQUAL instrument.

The second section of the bankers’ questionnaire asked the bankers to allocate 100 points among five dimensions which served to verify the five dimensions derived from the twenty-three question modified SERVQUAL instrument. Those dimensions are the appearance of the bank’s physical facilities, equipment, personnel, and communication materials; the bank’s ability to perform the promised service dependably and accurately; the bank’s willingness to help customers and provide prompt service; the knowledge and courtesy of the bank’s employees and their ability to convey trust and confidence; and the caring, individualized attention the bank provides its customers.

The last part of the questionnaire contains questions that include the personal information of the bankers including gender, age, educational level, bank status and duration of employment with the bank.

5.6 Population and sample

The current study involves an empirical investigation into the level of service quality from customers and bankers standpoints provided by Libyan commercial public and private banks. To achieve the aims of the thesis, it was decided to include all Libyan commercial public and private banks, to provide a comprehensive picture of the extent of service quality and to generate a sample large enough to perform meaningful statistical analysis. The research population therefore includes all the Libyan commercial banks as divided by the Libyan Central Bank to include commercial public banks that comprises of five banks (Gumhouria bank; National Commercial Bank; Sahara Bank; AL Umma Bank and Wahda Bank) and commercial private banks

(Commerce and Development Bank; Aman Bank For Commerce and Investment; Al-Wafa Bank and Alejmaa Alarabi Bank). For more information about these banks see Chapter 2.

The term population refers to the entire group of people, events, or things of interest under investigation. The population frame is a listing of all the elements in the population from which the sample is drawn (Sekaran, 2003: 265). The aim of this research is to use the SERVQUAL instrument to assess service quality from customers and bankers standpoints in the Libyan commercial public and private banks. Therefore, the target population of this study is defined as all managers and employees who work for the Libyan commercial public and private banks and customers who have used their services with assumption that those managers, employees and customers are all part of the same population (equal variances assumed).

To measure service quality in these banks by using SERVQUAL, a questionnaire was prepared for distribution to the selected sample. The below table (5.6) shows the population of this study as following:

Table 5.6 Population of the study (banks)

Banks	Numbers	Percent (%)
Public Banks	333	84
Private Banks	62	16
Total	395	100

Note. Constructed by researcher on the basis of field data gathered as part of this investigation

According to numbers of the public and private banks, there vary considerably between numbers of these banks. Therefore, the study has applied the stratified random sample with 20 % from both banks (66 public and 13 private banks) to determine appropriate size of both public and private banks as showing in the table (5.7) below.

Table 5.7 Sample of the study (banks)

Public banks			
Name of bank	Numbers	Percent (%)	Sample size
National Commercial Bank	62	19	13
Umma Bank	57	17	11
Gumhouria Bank	85	26	17
Sahara Bank	53	16	11
Wahda Bank	76	22	14
Total	333	100	66
Private banks			
Name of bank	Numbers	Percent (%)	Sample size
Development and Commerce Bank	28	45	6
Alaman bank	21	34	4
Alajmaa Al-Arabi bank	9	15	2
Alwafa bank	4	6	1
Total	62	100	13

Note. Constructed by researcher on the basis of field data gathered as part of this investigation

After defining the population, it was necessary to identify an appropriate sample and a suitable sampling frame. Selecting a sample is a fundamental element of a positivistic study (Hussey and Hussey, 1997). There are several compelling reasons for sampling, including: lower cost, greater accuracy of result, greater speed of data collection and availability of population selection (Cooper and Schindler, 2001). A representative sample should be large enough to satisfy the needs of the study and should be chosen at random and be unbiased (Hussey and Hussey, 1997). The sampling frame for any sample is a complete list of all the cases in the population from which the sample will be drawn (Saunders *et al.*, 2009). After determining the sampling frame it was necessary to choose the sample method and the sample size. Selecting the sampling method to use in a study depends on the objectives of the study, the financial resources available, time limitations and the nature of the problem under investigation (McDaniel and Gates, 2006)

There are two major techniques to choose between for selecting a sample (Hair *et al.*, 2003), these are Random versus Non-random sampling (probability vs. Non-

probability). In Random sampling, the researcher can specify in advance that each segment of the population will be represented in the sample (Leedy and Ormrod, 2010: 205). The Non-random sampling strategy can be described as the selection of a population element in which the researcher selects participants, who are considered to be typical of the wider population, to be part of the sample based in some part on the judgement of the researcher (Leedy and Ormrod, 2010). With Random samples it is possible to be more sophisticated in the analysis by using parametric method of analysis or project results with greater statistical reliability. With non random sampling techniques, descriptive statistics are more appropriate. A random sample method was used because the researcher had constructed a sampling frame, and it was also more representative (Sekaran, 2003).

The SERVQUAL instrument as proposed by Parasuraman *et al.*, (1988, 1991) after translating it into Arabic was distributed equally to the public and private banks to 980 participants (600 customers, 260 employees and 120 managers). Samples were produced from a population of 449 customers and from 310 bankers (managers 100 and employees 210). To ensure that the data collected would provide a reliable basis for drawing inferences, making recommendations and supportive decisions (Bryman and Cramer, 1990; De Vaus, 2002), a large and adequate sample size was taken to remove bias and to meet the criteria required by the analytical methods selected. Another reason for selecting a large sample was to obtain a sufficient response rate and to ensure that the sample was representative. This is consistent with Saunders *et al.*, (2007) and Cooper and Schindler, (2001) who stress that it is important to choose a large sample size to ensure the necessary confidence with the data. Table (5.8) shows distribution of customers, employees and managers according to number of branches in both public and private banks.

For some researches it is not possible to collect data from an entire population. Some researchers Like McDaniel and Gates, 2006; Saunders *et al.*, 2007 consider that selecting the sampling method in this case depends on some standards such as the objectives of the study, the financial resources available, time limitations and the nature of the problem under investigation. Therefore, the researcher has been used 300, 130 and 60 questionnaires to the customers, employees and managers respectively in both public and private banks that these samples represent the whole population in this study.

Table 5.8 Population of the study (participations)

Public banks			
Name of bank	Customers	Employees	Managers
National Commercial Bank	29	26	12
Umma Bank	50	22	10
Gumhouria Bank	77	33	15
Sahara Bank	50	22	10
Wahda Bank	64	27	13
Total	300	130	60
Private banks			
Name of bank	Customers	Employees	Managers
Development and Commerce Bank	138	60	27
Alaman bank	92	40	20
Alajmaa Al-Arabi bank	46	20	9
Alwafa bank	24	10	4
Total	300	130	60

Note. Constructed by researcher on the basis of field data gathered as part of this investigation - see population bank sources.

For some researches it is not possible to collect data from an entire population. Some researchers Like McDaniel and Gates, 2006; Saunders *et al.*, 2007 consider that selecting the sampling method in this case depends on some standards such as the objectives of the study, the financial resources available, time limitations and the nature of the problem under investigation. Therefore, the researcher has been used 300, 130 and 60 questionnaires to the customers, employees and managers respectively in both public and private banks that these samples represent the whole population in this study.

The population of customers in Libyan banks (Public and private sectors) was determined as 2.4 million¹. The total number of managers/employees in public sector banks were determined as table (5.9), sourced from individual banks website (See population bank sources). The total number of managers/ employees in private sector banks was estimated using an average based upon the number obtained from Development and Commerce Bank. This total was 693, therefore using this value the

¹ <http://ncb.ly/forum/showthread.php?t=387>

total for the four private banks was estimated at 2772. Therefore the estimate of the population of managers/employees was determined to be 15731(a combination of 12959 + 2772 estimated).

Table 5.9 Number of bankers in Libyan public and private banks

Name of bank	Number: *estimated	Date
Public banks		
National Commercial Bank	2479	Until 31/12/2008
Umma Bank	2565	Until 31/12/2005
Gumhouria Bank	3240	Until 31/12/2005
Sahara Bank	1565	Until 31/03/2004
Wahda Bank	3110	Until 31/12/2008
Total	12959	
Private banks		
Development and Commerce Bank	693	Until 31/12/2008
Alaman bank	693*	-
Alajmaa Al-Arabi bank	693*	-
Alwafa bank	693*	-
Total	2772	

Source: individual banks website (See special references).

The calculation of sample size was made using yamaae's formulal as follows:

$$N = \frac{N}{1 + N(e)^2} \quad \text{Where } e = 0.05$$

$$\text{For customer} \quad N = \frac{2.4m}{1 + 2.4m(0.05)^2} = 400$$

$$\text{For mangers/employees} \quad N = \frac{15731}{1 + 15300(0.05)^2} = 390$$

Finally, summary of customers and bankers (managers and employees) population is summarized in the below table (5.10) as follows:

Table 5.10 Summary of customers and bankers population

Groups	Population	Sample required	Sample distributed	Sample obtained
Customers	2400000	400	600	449
Bankers	15731	390	380	310

Note. Constructed by researcher on the basis of field data gathered as part of this investigation

5.7 Data analysis

After collecting all the data it becomes important that we know how to analyze this data. To summarize and rearrange the data several interrelated procedures are performed during the data analysis stage (Zikmund, 2003). There are many statistical techniques which can be used in analysing the data captured by the research questionnaire. The analysis and interpretation of any data depends on the objectives of the study and the nature of data (Oppenheim, 1992; Hussey and Hussey, 1997; Pallant, 2007). Therefore, the choice of the statistical techniques to use in analyzing the data was a function of the objective of this research. In this respect, Pallant (2007) suggested that when designing research, preparedness for statistical analysis gives researchers a wider range of possible techniques to use when analyzing their data. He indicated that before deciding which tests to use, the types of data should be determined (Parametric or non-parametric).

As mentioned earlier in this chapter the decision was made to adopt the quantitative approach to achieve the objectives of the research. It is widely recognized that determining the appropriate statistical methods to analyze data are dependent mainly on meeting the assumptions of parametric tests. Such assumptions were adopted by some researchers (see for example Field, 2000: 37-38; Bryman and Cramer, 2001: 115 and Pallant, 2007: 203-204). These traditionally guide the researcher to parametric analysis and are listed below:

- The scale of measurement is of equal interval or ratio level, which is, using a continuous scale, rather than discrete categories.
- The data are from a normally distributed population. The large sample sizes (30 or more) the violation of this assumption should not cause any big problems.
- The variances should not change systematically throughout the data.
- Independence of observations: the observations that make up the research data are independent of one another.

- Homogeneity of variance: the samples are obtained from populations of equal variances.

In respect of applying these criteria this research, the sample is greater than 30 and they were selected randomly from a normally distributed population. Therefore, the statistical techniques considered for this study are: (a) descriptive statistics (b) t-test (c) rank-order tests. Table (5.6) shows these statistical techniques.

Descriptive statistical methods are concerned with describing, presenting and summarising data that have been collected (Hussey and Hussey, 1997). The descriptive statistics method comprises frequencies (counts and percentages), measures of central tendency (mean) and measures of spread (standard deviation). Frequencies enable the researchers to describe the characteristics of the studied sample and to know the frequency distributions of the variables under investigations. A descriptive statistics analysis was used to evaluate the level of service quality of Libya's commercial banks from the customers' and bankers' perspective and to investigate the four gaps: between customers' expectations and their actual perceptions; between managers' perceptions of customers' expectations and the actual expectations of customers; between employees' perceptions of customers' expectations and the actual expectations of customers and between managers' and employees' perceptions of customers' expectations in public and private banks. The descriptive statistics have been used to find out the mean and standard deviation of each SERVQUAL statement on both expectation as well as perception. Means and standard deviations were computed on each of the items for each group. In this study also the descriptive statistics were used to provide a description of the two groups' demographic profiles. They include the gender groups, age groups, banks group, education levels and duration of relationship with bank of all groups. The descriptive statistics were also used to describe the response rates of the questionnaires.

Data from the SERVQUAL survey on the expectations and perceptions of customer service delivery in addition to bankers' perceptions of customers' expectations were processed and analyzed by using the Statistical Package for the Social Sciences (SPSS). Data were analyzed using descriptive and multivariate statistical analysis with a level of significance of $p = .005$. Data were analyzed using descriptive and multivariate statistical analysis (Independent sample t-tests, paired sample t-test and rank order tests).

The aim of this study is to compare the service quality between two groups, Libyan commercial public and private banks, to discover whether there is any difference between customers and bankers opinions regarding their expectations and perceptions of service quality in these banks. According to Pallant (2007) and Field (2005) the t-test is used to test differences in two groups. Therefore, a t-test (independent and paired sample) was used to evaluate the service quality of these banks from both the customers' and bankers' perspectives.

Independent sample t-tests comparing the service items and dimensions were performed to see if there were any significant differences between them. Therefore, it was used to test the hypotheses that involve two groups of respondents and one variable to be measured (i.e. hypotheses 1, 2 in chapter 6 and hypotheses 1, 2, 3 in chapter 7). Independent samples t-test has been used by many researchers (see for example: Saleh and Ryan, 1991; Tsang and Qu, 2000; and Douglas and Connor, 2003) to compare customers' expectations against bankers' perceptions of these expectations.

The paired samples t-test was carried out to test the significant mean differences between customers' expectations and perceptions of service quality. Therefore, it was done on the hypothesis with one group of respondents and a 2-level independent variable (i.e. hypothesis 3 in chapter 6). This test has been used by many researchers who compared customer's expectations and perceptions of service quality in different sectors (such as: Gerrard and Cunningham, (2001); Arasli *et al.*, (2005); Bhat, (2005); Abdul Razak and Chong, (2007) and Tahir and Abu Bakar, (2007).

Finally, to understand the relative importance of the service quality dimensions and to know the most and least important of SERVQUAL dimensions from the customers' and bankers' viewpoint, a rank-order test was used in this study to examine the differences in the rank order of the five dimensions of service quality between commercial Libyan public and private banks.

Table 5.11 Statistic test required for each test topic

Objective	Test Topic	Statistical Test	Hypotheses
Objective 1	Average mean of expectations and perceptions	Descriptive statistics	
Objective 1	Compare whether there are significant differences between customer's expectations in public and private banks	Independent sample t-test	Hypothesis 1 in chapter 6
Objective 1	Compare whether there are significant differences between customers' perceptions in public and private banks	Independent sample t-test	Hypothesis 2 in chapter 6
Objective 2	Compare whether there are significant differences between customers' expectations and perceptions in public and private banks	Paired sample t-test	Hypothesis 3 in chapter 6
Objective 2	Compare whether there are significant differences between managers' perceptions of customers' expectations and actual customers' expectations in public and private banks	Independent sample t-test	Hypothesis 1 in chapter 7
Objective 2	Compare whether there are significant differences between employees' perceptions of customers' expectations and actual customers' expectations in public and private banks	Independent sample t-test	Hypothesis 2 in chapter 7
Objective 2	Compare whether there are significant differences between managers' and employees' perceptions of customers' expectations in public and private banks	Independent sample t-test	Hypothesis 3 in chapter 7
Objective 3	Compare the relative importance of SERVQUAL dimensions from customers and employees perspective	A rank-order test	Hypothesis 4 in chapter 6 and Hypotheses 4 and 5 in chapter 7

Note. Constructed by researcher on the basis of field data gathered as part of this investigation

5.8 Validity and reliability

It is important at this stage to examine the accuracy and precision of the instrument used to measure the research variables. Thus, validity and reliability measurements were established to ensure that the measures developed are reasonably good (Sekaran, 2003). Validity refers to the degree to which an instrument measures what it is supposed or intended to measure, whereas reliability refers to how well the instrument of interest is measured (Oppenheim, 1992).

The SERVQUAL instrument has been applied extensively in many service areas and it showed good reliability and validity. However, this study will try to confirm this reliability and validity in the Libyan commercial banks survey.

5.8.1 Reliability

Reliability is the degree to which an instrument measures the same way each time it is used under the same condition with the same subjects. In short, it is the repeatability of a measurement. A measure is considered reliable if a person's score on the same test given twice is similar. Reliability is particularly an issue in connection with quantitative research (Bryman, 2008). Quantitative research is likely to be concerned with the question of whether a measure is stable or not.

Bagozzi, (1994:17) refers to reliability as: "the amount of agreement between independent attempts to measure the same theoretical concept". Bryman, (2008: 698) refers to reliability as "*the degree to which a measure of a concept is stable*". It is concerned with the question of whether the results of a study are repeatable. The term is commonly used in relation to the question of whether the measures that are devised for concepts in business and management (such as teamworking, employee motivation, organizational effectiveness) are consistent.

The most popular and frequently used test of internal consistency is the Cronbach's coefficient Alpha (Cronbach, 1990 and Saunders *et al.*, 2007). Cronbach's Alpha takes a value between 0 and 1 where 1 (denoting perfect internal reliability) and 0 (denoting no internal reliability) (Bryman, 2008). Westergaard *et al.*, (1989: 93) indicated that the alpha level 0.70 refers to a satisfactory level. Hair *et al.*, (1998) on the other hand, suggests that a coefficient of 0.7 or above is desirable. Furthermore, Pallant (2007) concluded that ideally, the Cronbach Alpha coefficient of a scale should be above 0.7. The internal consistency of the expectations and perceptions in the questionnaire was computed using the SPSS v 11.0 for windows (SPSS, 2001) reliability test program. The findings are represented in chapters six and seven.

5.8.2 Validity

Validity is defined as "*the degree to which the researcher has measured what he has set out to measure*" (Smith, 1975:61). Kumar, (2005) defines validity as the ability of an instrument to measure what it is designed to measure. Floyd and Fowler, (2009) indicates that validity is used to describe the relationship between an answer and some measure of the true score (p. 15).

Validity is more a matter of judgment than a fixed mathematical formula of unerring proportions (Nunnally, 1994). Therefore, the utilization of a modified SERVQUAL questionnaire tends to reduce some of the issues raised concerning validity. With a thorough review of the literature, incorporation of data from the appropriate literature, and careful wording of the questionnaire documents, it was felt that there was a high degree of certainty of validity in this study.

The questionnaire was constructed with an acceptance of the general validity of SERVQUAL (Parasuraman *et al.*, 1990 and Zeithaml *et al.*, 1990). In this study, several efforts were made to meet and confirm content validity. First, the purpose of the study was identified through an extensive literature review. Second, many questions and scales were used from previous studies. Third, the questionnaire was pre-tested by members of staff, doctoral students and a panel of academic researchers. Finally, a pilot study was undertaken to ensure that respondents had no problems in answering questions.

5.9 Summary

Data collecting have been explained and discussed in this chapter. The research design and research methodology were explained and the differences between them were discussed. The positivistic paradigm employing a survey methodology was utilised as an appropriate method for conducting this research. This chapter provides a description of the procedures used to measure the constructs and collect the data.

The main method of this study used quantitative research in the form of the SERVQUAL instrument as the self administrated questionnaire. The industry selected for the study was the Libyan public and private commercial banks. The SERVQUAL instrument was selected as the most reliable device to measure the service quality in these banks. Two questionnaires were formulated, one for bankers (managers and employees) and the other for customers. The research population, sampling frame and data collection methods were also discussed in this chapter. Specifically, the sampling frame consisted of all the Libyan public and private commercial banks. A random sample of 980 customers and bankers was chosen and the self administered questionnaire method was employed as the most appropriate method to collect a large amount of data.

According to the main objectives of this research, the statistical techniques considered for this study are, independent sample t-test, paired sample t-test and a rank-order test. The issues of reliability and validity were also discussed in this chapter. Finally, a description was provided of the statistical methods utilised in this research. Findings and discussion are present in the next two chapters.

CHAPTER SIX

RESULTS RELATING TO CUSTOMERS' EXPECTATIONS AND PERCEPTIONS OF SERVICE QUALITY

6.1 Introduction

The purpose of this study is to examine and compare service quality in the Libyan commercial public and private banks by using SERVQUAL questionnaires from received service standpoints. The results obtained have been collected from the customers of both banks in relation to either the five service quality dimensions (tangible, reliability, responsiveness, assurance and empathy) or the 23 service quality items that represent these five dimensions.

In this chapter the research findings are presented, described and analysed. The focus of the research is to examine and compare customers' expectations and their perception of service quality in the Libyan commercial banks. This chapter will present the statistical techniques used to test the hypotheses of service quality from the customers' viewpoint. The results of this study are organised into the following sections:

- (a) A profile of the overall samples
- (b) The demographics and characteristics of the customer samples;
- (c) The data analysis of customer SERVQUAL questionnaire, including the reliability of the research instrument, an analysis of the (gap 5) possibility of differences between respondents' perceptions and expectations for each of the twenty-three questions and the five SERVQUAL dimensions. This section also includes the relative importance of these dimensions from customers' perspective.
- (d) A summary of the chapter.

The data collected are analysed using the SPSS (Version 11) package, along with standard statistical analysis techniques of the t-test and mean ratings to provide a more detailed description of the results for each analysis.

6.2 Survey response rate

600 copies of the questionnaire were distributed to 300 public bank customers and 300 private bank customers. Sixty copies were not returned (5% public bank customers and 15% private bank customers). Responses from two hundred and eighty-five public bank customers and two hundred and fifty-five private bank customers were received by the researcher. However, thirty-four public customer questionnaires (11%) and fifty-seven private customer questionnaires (19%) were incomplete and so invalidated from the samples. The usable responses comprised of two hundred and fifty-one public customer questionnaires and one hundred and ninety-eight private customer questionnaires. This gave a total response rate of 84% and 66% of public and private customers respectively. Table 6-1 below provides a summary of these results.

Table 6.1 Survey responses rate of customers in public and private banks

Questionnaires	Public banks		Private banks	
	Frequency	Percent	Frequency	Percent
Total number of questionnaires	300	100	300	100
Questionnaires not returned	(15)	5	(45)	15
Incomplete questionnaires	(34)	11	(57)	19
Usable questionnaire returned	251	84	198	66
Total	251	100	198	100

Note. Constructed by researcher on the basis of field data gathered as part of this investigation

6.3 Descriptive statistics on the demographic profile of customers

The demographic characteristics for the survey's participants under the descriptive categories of gender, age, education level and the duration of their relationship with their bank are presented in tables 6.2 to 6.5

6.3.1 Gender

Table 6.2 illustrates frequency and percentage of public and private customers respondents classified by gender. This table shows that the majority of both banks respondents are male (84% public bank customers and 77% private bank customers).

Table 6.2 Description of the respondents for gender

Descriptive	Customers responses in both banks			
	Public banks		Private banks	
	Frequency	%	Frequency	%
Male	210	84	152	77
Female	41	16	46	23
Total	251	100	198	100

Note. Constructed by the researcher and based on field data gathered as part of this investigation

6.3.2 Age

As shown in table 6.3 the modal age of respondents for both banks is within the 31-40 years of age group banks (48% in public banks and 47% in private banks). The minority of respondents for both public and private banks are between 51-60 or more than 60 years of age.

Table 6.3 Age of respondents

Descriptive	Customers responses			
	Public banks		Private banks	
	Frequency	%	Frequency	%
18-30	48	19	73	37
31-40	121	48	93	47
41-50	68	27	22	11
51-60	13	5.5	8	4
More than 60	1	0.5	2	1
Total	251	100	198	100

Note. Constructed by the researcher and based on field data gathered as part of this investigation

6.3.3 Educational level

In terms of educational levels, the largest group for both the customers of public banks (38%) and in the private banks (51%) were customers with an educational attainment of a bachelor's degree. This is shown in table 6-4. The next largest group of those using public banks are those with an intermediate diploma (26%) or a higher diploma level of education (24%) while the second largest category of the private banks is for customers having either a higher diploma (32%) or a masters degree (11%). Finally, the smallest rate of these levels is with customers with a doctoral degree. They are the smallest group and accounted for only 1% of respondents in both public and private banks.

Table 6.4 Summary of educational level

Descriptive	Customers responses in both banks			
	Public banks		Private banks	
	Frequency	%	Frequency	%
Male	210	84	152	77
Female	41	16	46	23
Total	251	100	198	100

Note: Constructed by the researcher and based on field data gathered as part of this investigation

6.3.4 Duration of relationship with bank

As shown in table 6-5 below for public banks periods of 11-15 years and 1-5 years are the most common durations of relationship whereas for private banks durations of 1-5 years and 6-10 years are the most frequent. The fewest customers are those with a duration period of relationship with their bank of 16-20 years. This applies to both customer banks groups (13% in customers' public banks and 2% in customers' private banks).

Table 6.5 Duration of relationship with a bank

Descriptive years	Customers responses			
	Public banks		Private banks	
	Frequency	%	Frequency	%
1-5	58	23	126	64
6-10	53	21	36	18
11-15	66	26	16	8
16-20	32	13	4	2
More than 20	42	17	16	8
Total	251	100	198	100

Note: Constructed by the researcher and based on field data gathered as part of this investigation

6.4 Data analysis

This section is divided into three stages: the first stage is devoted to the customers' questionnaire reliability statistics test. The second stage is devoted to the descriptive analysis of the data that was collected by the questionnaire which included an examination of the customers' expectations and perceptions of service quality provided by Libyan commercial public and private banks. The last stage tested the relative importance of the five SERVQUAL dimensions from customers' perspectives in these banks.

6.4.1 Confirmation of SERVQUAL reliability

The purpose of this research is to examine the differences between customer's expectations and perceptions of service quality in Libyan commercial public and private banks. The SERVQUAL instrument has been used and includes 23 questions to determine customers' expectations and the same 23 questions to discern their perceptions. A reliability analysis of each questions group was determined by using the Cronbach Alpha technique to statistically measure the internal consistency and reliability of the research instrument. The results of these tests are shown in table 6-6 and illustrates that the reliability coefficient for the expectation items is 0.93 and for perceptions items is 0.92, which are all satisfactory (>0.7)

Table 6.6 Cronbach's alpha test

Group	Cronbach's Alpha	No. of items
Expectations of customers	.93	28
Perceptions of customers	.92	28

Note: Constructed by the researcher and based on field data gathered as part of this investigation

6.4.2 Testing customers' expectations and perceptions of service quality

In order to test the differences between customer expectations and perceptions of service quality in Libyan commercial public and private banks, the five dimensions of the SERVQUAL scale are used. The following hypotheses are formulated, based on the stated purposes of this study:

H01. There are no significant differences in customers' expectations of service quality between Libyan commercial public and private banks.

Ha1. There are significant differences in customers' expectations of service quality between Libyan commercial public and private banks.

H02. There are no significant differences in customers' perceptions of service quality between Libyan commercial public and private banks.

Ha2. There are significant differences in customers' perceptions of service quality between Libyan commercial public and private banks.

H03. There are no significant differences in customers' expectations and perceptions of service quality between Libyan commercial public and private banks.

Ha3. There are significant differences in customers' expectations and perceptions of service quality between Libyan commercial public and private banks.

6.4.2.1 Testing hypothesis 1 (banks customers' expectations of service quality)

An understanding of customer expectations of service quality is one of the areas of examination in the current study.

The results of these expectations scores are measured on a seven-point Likert scale on which 1 represents "Strongly disagree" and 7 "Strongly agree" in which the higher the score represents the greater the expectation of the service.

These findings as shown in table 6.7 below indicate that the mean responses in either the 23 items or the five dimensions of service quality in both public and private banks were above 5.00 on the seven point scale. There is only one exception in these findings, this being in private banks customer expectation of bank employees attention to customers (item 19) is lower than the expectation of public bank users. Consequently, the customers of both banks had high expectations in relation to bank's service quality.

Results in tables 6.8 and 6.9 show customers' expectations frequencies in public and private banks. Table 6.8 shows that 109 of 251 responses in public banks are at the strong level of agreement of the Likert scale, 43 percent of the public customers' banks expect the highest level of service delivery.

The high expectations anticipated by the customers of private banks are shown in table 6-9. This table indicates that nearly half of these responses were at the strong level of agreement of the scale (89 of 198 responses). This means that by their selection at the strong level of agreement of the Likert scale, 46 percent of the customers of private banks expect the highest level of service quality provided.

Table 6.7 Service quality expectations of customers of the public and private bank

Items	Public bank	Private bank	t	Sig.
1. Using up-to-date equipment	6.54	6.61	-.984	.326
2. The physical facilities of the bank	6.05	6.16	-1.06	.290
3. The appearance of bank employees	6.34	6.48	-3.03	.003
4. Suitability of bank appearance with the nature of service provided	5.83	6.14	-1.99	.047
5. The banks' promises to customers	6.34	6.29	.565	.573
6. Bank sympathy with customers' problems	6.03	5.79	2.12	.034
7. Providing proper service to the customer the first time	6.20	6.08	1.17	.242
8. Providing service at the time promised	6.24	6.03	1.75	.080
9. Bank records	6.49	6.45	.500	.617
10. Telling customer from the time of providing service	5.84	5.83	.067	.947
11. Provide services promptly and quickly to customers	6.14	6.09	.463	.644
12. Willingness to help customers	6.13	6.04	.836	.403
13. Responding to customers requests	6.00	5.91	.864	.388
14. The impact of employees' behaviour on customers	6.33	6.28	.516	.606
15. Customers' treatment by the bank	6.41	6.44	-.426	.670
16. Employees' behaviour with customers	6.43	6.39	.462	.644
17. Knowledge and understanding of bank employees	6.37	6.42	-.648	.517
18. Bank caring for customers	5.21	5.32	-.818	.414
19. Employees attention to customers	5.09	4.83	1.64	.100
20. Bank employees' awareness of customer needs	5.60	5.54	.491	.624
21. Bank attention to the interest of customers	5.88	5.76	1.03	.301
22. Suitability of opening hours for customers	5.88	5.82	.504	.615
23. The clarity of bank charges for customers	5.89	6.25	-2.99	.003
<ul style="list-style-type: none"> • t is the t score • Sig is the level of significance (5%) • The mean scores are measured on a seven-point scale on which higher values mean better expectations 				

Note: Constructed by the researcher and based on field data gathered as part of this investigation

Table 6.8 Customers' expectations frequencies in public banks

Questions	Strongly Disagree							Strongly Agree						
	1	2	3	4	5	6	7	1	2	3	4	5	6	7
	%	%	%	%	%	%	%	%	%	%	%	%	%	%
1. Using up-to-date equipment	-	-	1	0.4	1	0.4	1	0.4	19	7.6	66	26.3	163	64.9
2. The physical facilities of the bank	3	1.2	3	1.2	5	2.0	9	3.6	32	12.7	94	37.5	105	41.8
3. The appearance of bank employees	-	-	1	0.4	2	0.8	3	1.2	26	10.4	91	36.3	128	51.0
4. Suitability of bank appearance with the nature of service provided	4	1.6	2	0.8	7	2.8	11	4.4	42	16.7	114	45.4	71	28.3
5. The banks' promises to customers	1	0.4	3	1.2	2	0.8	7	2.8	22	8.8	71	28.3	145	57.8
6. Bank sympathy with customers' problems	3	1.2	3	1.2	3	1.2	13	5.2	37	14.7	85	33.9	107	42.6
7. Providing proper service to the customer the first time	2	0.8	2	0.8	7	2.8	3	1.2	28	11.2	85	33.9	124	49.4
8. Providing service at the time promised	-	-	3	1.2	4	1.6	10	4.0	27	10.8	76	30.3	131	52.2
9. Bank records	-	-	1	0.4	2	0.8	6	2.4	14	5.6	68	27.1	160	63.7
10. Telling customer from the time of providing service	2	0.8	6	2.4	5	2.0	7	2.8	47	18.7	114	45.4	70	27.9
11. Provide services promptly and quickly to customers	-	-	5	2.0	5	2.0	3	1.2	33	13.1	97	38.6	108	43.0
12. Willingness to help customers	2	0.8	2	0.8	7	2.8	3	1.2	30	12.0	100	39.8	107	42.6
13. Responding to customers requests	-	-	4	1.6	5	2.0	6	2.4	53	21.1	87	34.7	96	38.2
14. The impact of employees' behaviour on customers	-	-	2	0.8	4	1.6	6	2.4	24	9.6	76	30.3	139	55.4
15. Customers' treatment by the bank	2	0.8	2	0.8	2	0.8	6	2.4	15	6.0	71	28.3	153	61.0
16. Employees' behaviour with customers	-	-	3	1.2	2	0.8	1	0.4	20	8.0	77	30.7	148	59.0
17. Knowledge and understanding of bank employees	-	-	1	0.4	1	0.4	3	1.2	27	10.8	85	33.9	134	53.4
18. Bank caring for customers	10	4.0	7	2.8	10	4.0	28	11.2	78	31.1	75	29.9	43	17.1
19. Employees attention to customers	6	2.4	19	7.6	11	4.4	27	10.8	73	29.1	70	27.9	44	17.5
20. Bank employees' awareness of the customer needs	2	0.8	6	2.4	8	3.2	24	9.6	58	23.1	89	35.5	64	25.5
21. Bank attention to the interest of customers	3	1.2	7	2.8	6	2.4	12	4.8	37	14.7	93	37.1	93	37.1
22. Suitability of opening hours for customers	4	1.6	2	0.8	5	2.0	9	3.6	52	20.7	96	38.2	83	33.1
23. The clarity of bank charges for customers	8	3.2	4	1.6	5	2.0	14	5.6	32	12.7	84	33.5	104	41.4
Averages	2	1	4	2	5	2	9	4	36	14	86	34	109	43

Note: Constructed by the researcher and based on field data gathered as part of this investigation

Table 6.9 Customers' expectations frequencies in private banks

Questions	Strongly Disagree							Strongly Agree						
	1	2	3	4	5	6	7	1	2	3	4	5	6	7
	%	%	%	%	%	%	%	%	%	%	%	%	%	%
1. Using up-to-date equipment	1	0.5	-	-	-	-	-	11	5.6	50	25.3	136	68.7	
2. The physical facilities of the bank	-	-	3	1.5	2	1.0	3	1.5	31	15.7	72	36.4	87	43.9
3. The appearance of bank employees	-	-	-	-	-	-	-	-	16	8.1	70	35.4	112	56.6
4. Suitability of bank appearance with the nature of service provided	-	-	-	-	5	2.5	2	1.0	35	17.7	74	37.4	82	41.4
5. The banks promises to customers	-	-	1	0.5	6	3.0	5	2.5	23	11.6	51	25.8	112	56.6
6. Bank sympathy with customers' problems	-	-	4	2.0	7	3.5	20	10.1	37	18.7	58	29.3	72	63.4
7. Providing proper service to the customer the first time	-	-	-	-	18	9.1	7	3.5	8	4.0	74	37.4	91	46.0
8. Providing service at the time promised	3	1.5	6	3.0	4	2.0	9	4.5	12	6.1	57	28.8	104	52.5
9. Bank records	-	-	-	-	-	-	8	4.0	20	10.1	44	22.2	126	63.6
10. Telling customer from the time of providing service	-	-	2	1.0	5	2.5	24	12.1	30	15.2	69	34.8	68	34.3
11. Provide services promptly and quickly to customers	-	-	3	1.5	13	6.6	3	1.5	23	11.6	59	29.8	97	49.0
12. Willingness to help customers	-	-	4	2.0	15	7.6	1	.5	19	9.6	70	35.4	89	44.9
13. Responding to customers requests	-	-	3	1.5	8	4.0	16	8.1	17	8.6	87	43.9	67	33.8
14. The impact of employees' behaviour on customers	-	-	-	-	6	3.0	11	5.6	10	5.1	65	32.8	106	53.5
15. Customers' treatment by the bank	-	-	-	-	7	3.5	-	-	6	3.0	70	35.4	115	58.1
16. Employees' behaviour with customers	-	-	-	-	12	6.1	-	-	7	3.5	59	29.8	120	60.6
17. Knowledge and understanding of bank employees	-	-	-	-	3	1.5	6	3.0	13	6.6	59	29.8	117	59.1
18. Bank caring for customers	9	4.5	9	4.5	3	1.5	21	10.6	41	20.7	76	38.4	39	19.7
19. Employees attention to customers	12	6.1	12	6.1	22	11.1	30	15.2	33	16.7	53	26.8	36	18.2
20. Bank employees' awareness of the customer needs	3	1.5	8	4.0	3	1.5	12	6.1	32	16.2	105	53.0	33	16.7
21. Bank attention to the interest of customers	-	-	4	2.0	13	6.6	17	8.6	25	12.6	73	36.9	66	33.3
22. Suitability of opining hours for customers	1	.5	2	1.0	9	4.5	14	7.1	37	18.7	65	32.8	70	35.4
23. The clarity of bank charges for customers	-	-	3	1.5	2	1.0	3	1.5	29	14.6	59	29.8	102	51.5
Averages	1	.5	3	1	7	3.5	9	5	23	11	66	33	89	46

Note: Constructed by the researcher and based on field data gathered as part of this investigation

The results in table 6.7 indicate a high level of similarity in both banks in regard to high expectations in several areas in which the highest rated expectations were closely linked to item 1 (using up-to-date equipment item in the dimension of tangible) (mean = 6.54 and 6.61 in both public and private banks respectively). Seven of the highest expectations also consisted of smaller items in both public and private banks (different ranges) which included item 3 (the appearance of bank employees), item 5 (the bank promises to customers), item 9 (bank records), item 14 (the impact of employees' behaviour on customers), item 15 (customers' treatment by the bank), item 16 (employees' behaviour with customers) and item 17 (knowledge and understanding of bank employees) (means of all these items > 6.25 on 7 point Likert scale). Obviously, all these service components were related to the "tangible"; "reliability" and "assurance" dimensions of service quality.

Other areas of high customers' expectations contained items of slightly less significance. These included item 2 (The physical facilities of the bank), item 7 (Providing proper service to the customer the first time), item 8 (Providing service at the time promised), item 11 (Provide services promptly and quickly to customers) and item 12 (Willingness to help customers) in both public and private banks as well as the items 6 (Bank sympathy with customer's problems) and 13 (Responding to customers requests) in the public banks and the item 4 (Suitability of bank appearance with the nature of service provided) and item 23 (The clarity of bank charges for customers) in the private banks. The mean total for these items attained between 6.00 and 6.25 on 7 point Likert scale. These expectations were related to different dimensions between the public and private banks which centred on "reliability"; "responsiveness" and "assurance" dimensions in public banks and "tangible"; "assurance" and "empathy" dimensions in private banks.

In contrast, the service components which received the lowest expectation ratings were also very similar in both banks. These, largely related to the caring and individual attention provided by the bank employees. In public banks all the items (items 18,19,20,21,22 and 23) of empathy dimension as well as two items of tangible and responsiveness dimensions i.e. item 4 (bank suitability appearance with the nature of service provided) and item 10 (telling customer from the time of providing service) had comparatively low scores. On the other hand, in private banks lower expectations include all the items of the empathy dimension with the exception of item 23 (the clarity

of bank charges for customers) and from the reliability and responsiveness dimensions i.e. item 6 (bank sympathy with customer's problems) and item13 (responding to customers requests).

These findings show that there are significant differences between the responses given by customers of public and private banks regarding their expectations of service quality in either the five service quality dimensions or the 23 service quality items which represented the five dimensions of the SERVQUAL. These differences showed at the 5% level between customers' expectations in both banks with regard to four items (3, 4, 6, and 23) and for one dimension i.e. the tangible dimension. These significant differences illustrate that in the main customers' expectations were higher in the private banks than in the public banks. There is a significant difference however in the item 6 (Bank sympathy with customer's problems).

Table 6.10 Customers' expectations of the five service quality dimensions of public and private banks

Items	Public bank	Private bank	t	Sig.
Tangibility	6.19	6.35	-2.295	0.022
Reliability	6.26	6.15	1.724	0.085
Responsiveness	6.03	5.97	0.674	0.501
Assurance	6.39	6.38	-0.005	0.996
Empathy	5.59	5.58	0.055	0.956
Overall	6.09	6.08	0.128	0.899

- t is the t score
- Sig is the level of significance (5%)
- Responses are measured on a seven-point scale in which higher values mean better expectations

Note: Constructed by the researcher and based on field data gathered as part of this investigation

Statistically the mean differences between the two groups related to item 3 (The appearance of bank employees); item 4 (Suitability of bank appearance with the nature of service provided); item 6 (Bank sympathy with customer's problems) and item 23 (The clarity of bank charges for customers). A positive t statistic (2.124) for item 6 denotes that customers' expectations of public banks were higher than those of private banks for this item. On the other hand, a negative t statistic (-3.038); (-1.993) and (-2.996) for items 3, 4 and 23 respectively indicates that customers' expectations of private banks were higher than public banks.

According to the five service quality dimensions as shown in table 6-10 the results show that customers' expectations of private and public banks are similar in three dimensions (responsiveness, assurance and empathy) but differ in the rest of these dimensions (tangible and reliability). However, there was a significant difference between the two groups with regard to the tangible dimension ($p = 0.022$) in which a negative t statistic (-2.295) for this dimension denotes that customers' expectations of private banks were higher than those of public banks for this dimension.

Finally, an "independent sample t-test", shows that although there are no significant differences in overall customers' expectations of service quality between both banks, means of customers' expectations of service quality in these banks differ significantly in four items (3, 4, 6 and 23) and the dimension of tangible because the probability (p-value) of these items and this dimension was less than 5%. A p-value as shown in table 6-7 and 6-10 = 0.047; 0.003; 0.034 and 0.003 for the four items and 0.022 for the tangible dimension.

Thus, the null hypothesis (H_0) is rejected, that there are significant differences in customers' expectations of service quality between Libyan commercial public and private banks.

6.4.2.2 Testing hypothesis 2 (banks customers' perceptions of service quality)

The bank customers have different perceptions of service quality for private and public banks. Overall, performance, as perceived by customers is higher in the private banks compared with public banks across the 23 items and all service quality dimensions. Perception scores are measured on a seven point scale (as measured in the mean expectation scores) in which the higher the scores, the better perception of that service. The t-test is used to determine the level of significant difference between both perception groups. The results obtained from this comparison between the responses relating to the two types of banks with regard to their customer's perceptions of received services are presented in table 6.11 below.

These findings as shown in this table indicate that all the mean responses of either the five dimensions of service quality or the 23 items in public and private banks excepting the mean of three items in public banks i.e. item 6 (bank sympathy with customer's problems), item 12 (willingness to help customers) and item 13 (responding to

customers requests) were above 4.00 on the seven point scale. The customers of both banks generally rated the banks' performance of the 23 items and all the five service quality dimensions rather favourably. However, they still fall short of customer expectations.

Table 6.11 Service quality perceptions of customers of the public and private bank

Items	Public bank	Private bank	t	Sig.
1. Using up-to-date equipment	5.05	5.32	-2.30	.022
2. The physical facilities of the bank	4.02	4.41	-2.45	.014
3. The appearance of bank employees	4.81	5.09	-2.24	.026
4. Suitability of bank appearance with the nature of service provided	4.41	4.49	-.560	.576
5. The banks promises to customers	4.20	4.44	-1.66	.098
6. Bank sympathy with customers' problems	3.82	5.02	-8.12	.000
7. Providing proper service to the customer the first time	4.15	4.30	-.970	.333
8. Providing service at the time promised	4.15	4.51	-2.64	.008
9. Bank records	4.88	5.61	-6.03	.000
10. Telling customer from the time of providing service	5.02	5.24	-2.01	.045
11. Provide services promptly and quickly to customers	5.08	5.28	-1.54	.123
12. Willingness to help customers	3.98	5.27	-9.08	.000
13. Responding to customers requests	3.55	4.95	-9.72	.000
14. The impact of employees' behaviour on customers	5.25	5.45	-1.62	.105
15. Customers' treatment by the bank	5.39	5.66	-2.31	.021
16. Employees' behaviour with customers	4.75	5.73	-7.58	.000
17. Knowledge and understanding of bank employees	4.58	5.57	-7.77	.000
18. Bank caring for customers	4.37	4.45	-.553	.581
19. Employees attention to customers	4.14	4.39	-1.51	.131
20. Bank employees' awareness of the customer needs	4.78	4.86	-.624	.533
21. Bank attention to the interest of customers	4.69	4.66	.221	.825
22. Suitability of opening hours for customers	5.12	5.28	-1.22	.222
23. The clarity of bank charges for customers	5.12	5.24	-.915	.361
<ul style="list-style-type: none"> • t is the t score • Sig is the level of significance (5%) • The mean scores are measured on a seven-point scale on which higher values mean better perceptions. 				

Note: Constructed by the researcher and based on field data gathered as part of this investigation

Table 6.12 Customers' perceptions frequencies in public banks

Questions	Strongly Disagree							Strongly Agree						
	1	2	3	4	5	6	7	1	2	3	4	5	6	7
	%	%	%	%	%	%	%	%	%	%	%	%	%	%
1. Using up-to-date equipment	6	2.4	5	2.0	18	7.2	25	10.0	118	47.0	45	17.9	34	13.5
2. The physical facilities of the bank	36	14.3	28	11.2	33	13.1	23	9.2	78	31.1	35	13.9	18	7.2
3. The appearance of bank employees	11	4.4	15	6.0	21	8.4	22	8.8	97	38.6	65	25.9	20	8.0
4. Suitability of bank appearance with the nature of service provided	22	8.8	20	8.0	29	11.6	32	12.7	73	29.1	59	23.5	16	6.4
5. The banks promises to customers	20	8.0	25	10.0	36	14.3	48	19.1	63	25.1	43	17.1	16	6.4
6. Bank sympathy with customers' problems	25	10.0	37	14.7	48	19.1	42	16.7	57	22.7	30	12.0	12	4.8
7. Providing proper service to the customer the first time	20	8.0	38	15.1	37	14.7	28	11.2	66	26.3	41	16.3	21	8.4
8. Providing service at the time promised	16	6.4	29	11.6	44	17.5	45	17.9	63	25.1	38	15.1	16	6.4
9. Bank records	8	3.2	7	2.8	10	4.0	71	28.3	65	25.9	65	25.9	25	10.0
10. Telling customer from the time of providing service	-	-	-	-	-	-	111	44.2	65	25.9	33	13.1	42	16.7
11. Provide services promptly and quickly to customers	5	2.0	15	6.0	23	9.2	19	7.6	94	37.5	41	16.3	54	21.5
12. Willingness to help customers	22	8.8	29	11.6	51	20.3	37	14.7	64	25.5	37	14.7	11	4.4
13. Responding to customers requests	28	11.2	45	17.9	59	23.5	32	12.7	61	24.3	18	7.2	8	3.2
14. The impact of employees' behaviour on customers	2	.8	8	3.2	14	5.6	42	16.7	73	29.1	60	23.9	52	20.7
15. Customers' treatment by the bank	2	.8	3	1.2	15	6.0	33	13.1	76	30.3	66	26.3	56	22.3
16. Employees' behaviour with customers	11	4.4	14	5.6	23	9.2	34	13.5	84	33.5	66	26.3	19	7.6
17. Knowledge and understanding of bank employees	11	4.4	17	6.8	32	12.7	37	14.7	80	31.9	58	23.1	16	6.4
18. Bank caring for customers	19	7.6	27	10.8	27	10.8	51	20.3	57	22.7	37	14.7	33	13.1
19. Employees attention to customers	16	6.4	46	18.3	32	12.7	41	16.3	53	21.1	34	13.5	29	11.6
20. Bank employees' awareness of the customer needs	-	-	24	9.6	21	8.4	58	23.1	65	25.9	49	19.5	34	13.5
21. Bank attention to the interest of customers	6	2.4	24	9.6	24	9.6	43	17.1	74	29.5	50	19.9	30	12.0
22. Suitability of opening hours for customers	1	.4	13	5.2	16	6.4	38	15.1	74	29.5	76	30.3	33	13.1
23. The clarity of bank charges for customers	-	-	9	3.6	16	6.4	52	20.7	69	27.5	69	27.5	36	14.3
Averages	13	5	21	8	27	11	42	17	73	29	48	19	27	11

Note: Constructed by the researcher and based on field data gathered as part of this investigation

Table 6.13 Customers' perceptions frequencies in private banks

Questions	Strongly Disagree							Strongly Agree						
	1	2	3	4	5	6	7	1	2	3	4	5	6	7
	%	%	%	%	%	%	%	%	%	%	%	%	%	%
1. Using up-to-date equipment	-	-	3	1.5	7	3.5	35	17.7	58	29.3	69	34.8	26	13.1
2. The physical facilities of the bank	6	3.0	13	6.6	34	17.2	52	26.3	39	19.7	41	20.7	13	6.6
3. The appearance of bank employees	-	-	1	.5	10	5.1	44	22.2	73	36.9	56	28.3	14	7.1
4. Suitability of bank appearance with the nature of service provided	1	.5	13	6.6	38	19.2	26	13.1	76	38.4	43	21.7	1	.5
5. The banks promises to customers	-	-	14	7.1	38	19.2	40	20.2	66	33.3	33	16.7	7	3.5
6. Bank sympathy with customers' problems	5	2.5	4	2.0	22	11.1	24	12.1	59	29.8	64	32.3	20	10.1
7. Providing proper service to the customer the first time	2	1.0	12	6.1	44	22.2	58	29.3	41	20.7	31	15.7	10	5.1
8. Providing service at the time promised	-	-	1	.5	44	22.2	60	30.3	49	24.7	34	17.2	10	5.1
9. Bank records	-	-	3	1.5	4	2.0	31	15.7	33	16.7	85	42.9	42	21.2
10. Telling customer from the time of providing service	2	1.0	1	.5	13	6.6	28	14.1	65	32.8	65	32.8	24	12.1
11. Provide services promptly and quickly to customers	3	1.5	3	1.5	7	3.5	32	16.2	62	31.3	59	29.8	32	16.2
12. Willingness to help customers	-	-	6	3.0	17	8.6	25	12.6	47	23.7	75	37.9	28	14.1
13. Responding to customers requests	2	1.0	8	4.0	24	12.1	32	16.2	52	26.3	57	28.8	23	11.6
14. The impact of employees' behaviour on customers	-	-	3	1.5	16	8.1	28	14.1	32	16.2	80	40.4	39	19.7
15. Customers' treatment by the bank	-	-	5	2.5	7	3.5	17	8.6	40	20.2	81	40.9	48	24.2
16. Employees' behaviour with customers	-	-	-	-	11	5.6	22	11.1	33	16.7	76	38.4	56	28.3
17. Knowledge and understanding of bank employees	3	1.5	-	-	5	2.5	12	6.1	68	34.3	73	36.9	37	18.7
18. Bank caring for customers	4	2.0	25	12.6	23	11.6	47	23.7	40	20.2	42	21.2	17	8.6
19. Employees attention to customers	9	4.5	25	12.6	21	10.6	47	23.7	37	18.7	38	19.2	21	10.6
20. Bank employees' awareness of the customer needs	-	-	6	3.0	29	14.6	43	21.7	47	23.7	45	22.7	19	9.6
21. Bank attention to the interest of customers	-	-	22	11.1	24	12.1	33	16.7	55	27.8	48	24.2	16	8.1
22. Suitability of opening hours for customers	4	2.0	18	9.1	9	4.5	13	6.6	33	16.7	85	42.9	36	18.2
23. The clarity of bank charges for customers	5	2.5	6	3.0	16	8.1	21	10.6	46	23.2	70	35.4	34	17.2
Averages	2	1	8	4	20	10	33	17	50	25	59	30	25	13

Note: Constructed by the researcher and based on field data gathered as part of this investigation

Tables 6.12 and 6.13 confirm these results show that many of the customers' perceptions frequencies in public and private banks centred on points of agree, slightly agree and strongly agree. More specifically, 27, 48 and 73 of 251 responses of public banks are in strongly agree, slightly agree and agree respectively, whereas in private banks 25, 59 and 50 of 198 questionnaires were strongly agree, slight agree and agree respectively. In other words, at the three levels of increasing agreement of the Likert scale, 59 and 68 percent of the customers of both public and private banks respectively perceive slightly higher levels of service quality in their banks.

The results for the perceptions of customers shown in table 6.11 indicate clear differences between these perceptions in the public and private banks. In public banks, the highest rated perceptions in public banks were closely linked to the following items: item 15 (customers' treatment by the bank), item 14 (the impact of employees' behaviour on customers), item 22 (suitability of working hours for customers), item 23 (the clarity of bank charges for customers), item 11 (provide services promptly and quickly to customers), item 1 (using up-to-date equipment) and item 10 (telling customer from the time of providing service). These centred on assurance, responsiveness and empathy dimensions. However, in private banks the highest rated perceptions are linked to all assurance items and additionally to item 9 (bank records) and item 11 (Provide services promptly and quickly to customers) of reliability dimension and item 1 (using up-to-date equipment) in the tangible dimension.

The next highest ratings of customers' perceptions in public banks included: item 3 (the appearance of bank employees), item 4 (Suitability of bank appearance with the nature of service provided), item 16 (employees' behaviour with customers), item 17 (knowledge and understanding of bank employees), item 20 (bank employees' awareness of the customer needs) and item 21 (bank attention to the interest of customers). These form part of the tangible, assurance and empathy dimensions. In addition to one other item from reliability dimension called item 9 (bank records) being included. Whereas, in private banks the next highest ratings of customers' perceptions in private banks included item 3 (the appearance of bank employees) from tangible dimension; item 6 (bank sympathy with customer's problems) from the reliability dimension; 3 items: item 10 (telling customer from the time of providing service), item12 (willingness to help customers) and item 13 (responding to customers requests)

from the responsiveness dimension and 2 items: item 22 (suitability of working hours for customers) and item 23 (the clarity of bank charges for customers) from the empathy dimension.

The service components which received the lowest perception ratings in both banks consisted of item 2 (The physical facilities of bank), item 5 (The bank promises to customers), item 7 (Providing proper service to the customer the first time), item 8 (Providing service at the time promised), item 18 (Bank caring for customers) and item 19 (Employees attention to customers) in addition to item 6 (Bank sympathy with customer's problems), item 12 (Willingness to help customers) and item 13 (Responding to customers requests) in the public banks and item 4 (Bank suitability appearance with the nature of service provided), item 20 (Bank employees' awareness of customer needs) and item 21 (Bank attention to the interests of customers) in private banks. Obviously, these service components were related to the reliability and empathy in both banks with an addition to the responsiveness dimension for public banks and the tangible dimension for private banks.

According to table 6.11 again, only in item 21 (Bank attention to the interest of customers) public bank customers of public banks rated their banking service better than private banks customers. For all other items and all the five dimensions private bank customers rate their banks as being better. This indicates that private banks customers perceived receiving a higher level of service quality than did those of the public banks.

Table 6.14 Significant differences between perceptions of customers of the public and private banks

No	Item	T value	Sig.
1.	Using up-to-date equipment	-2.304	.022
2.	The physical facilities of bank	-2.456	.014
3.	The appearance of bank employees	-2.241	.026
6.	Bank sympathy with customer's problems	-8.129	.000
8.	Providing service at the time promised	-2.647	.008
9.	Bank records	-6.037	.000
10.	Telling customer from the time of providing service	-2.014	.045
12.	Willingness to help customers	-9.086	.000
13.	Responding to customers requests	-9.724	.000
15.	Customers' treatment by the bank	-2.313	.021
16.	Employees' behaviour with customers	-7.587	.000
17.	Knowledge and understanding of bank employees	-7.772	.000

Note: Constructed by the researcher and based on field data gathered as part of this investigation

When applying a t-test on the differences between the mean scores of the two groups, it is noted as shown in table 6.14 that in 12 out of the 23 items, the differences were statistically significant at the 5 per cent level. More specifically, the test for the statistical significance of the mean score differences of the two banks proves that 12 variables are indeed significant ($p < 0.05$). Thus, there is a different level of perceived quality among customers of the two banks.

Table 6.15 Customers' perceptions of the five service quality dimensions of public and private banks

Dimensions	Public bank	Private bank	t	Sig.
Tangible	4.57	4.83	-2.535	.012
Reliability	4.24	4.78	-4.750	.000
Responsiveness	4.41	5.19	-7.822	.000
Assurance	4.99	5.60	-6.556	.000
Empathy	4.70	4.81	-1.221	.223
Overall	4.48	5.04	-5.733	.000

- t is the t score
- Sig is the level of significance (5%)
- Responses are measured on a seven-point scale in which higher values mean better expectations

Note: Constructed by the researcher and based on field data gathered as part of this investigation

Finally, the significant differences between two bank groups with regard to customers' perceptions of services provided in these banks indicates that the second null hypothesis is rejected that there are significant differences in customers' perceptions of service quality of commercial public and private banks because the probability (p-value) of these items (see table 6.14) and dimensions (see table 6-15) was less than 5%.

6.4.2.3 Testing hypothesis 3 (customers' expectations versus perceptions of actual service delivery)

The differences between customers' expectations and perceptions of actual service delivery are examined by analysing how the responses to the 23 questions requesting expectations of service delivery compared to the 23 questions evaluating perceptions of service delivery. Each of the customers provided an expectation rating and perception rating for each of the 23 questions. Similar to previous studies (see for example Parasuraman *et al.*, 1988, 1991) service quality gaps were calculated by subtracting

consumer expectations from their perceptions of the service provided. The difference between customers' expectations and perceptions in the public and private banks was compared either to the 23 items or the five dimensions of SERVQUAL by paired sample t-test. The sample produced a mean difference for each of the 23 questions with the difference being expectations minus perceptions ($D=E-P$).

If the expectations responses were higher than the perceptions responses, then necessarily, the score would be negative. Thus a negative score indicates the existence of a service quality gap. The service provider is not meeting the customer expectations and this could lead to dissatisfaction. On the other hand, a positive difference would be recorded if the result of performance exceeded customer expectations of service quality. A positive difference indicates an area of strength and a competitive advantage for the service provider. The results as shown in table 6.16 and 6.17 indicate that customer expectations in both public and private banks were greater than their perceptions of actual service delivery either in the 23 items or the five dimensions of service quality.

As mentioned previously in the consumers' expectations and perceptions frequencies tables (6.8,6.9,6.11 and 6.12), the average total percentages of the 23 questions relating to service delivery expectations to the average total percentages of the 23 questions relating to the perceptions of actual service delivery a pattern emerges. At the strongly agreeing end of the Likert scale, 43 percent of the banks public consumers expect the highest level of service delivery, while the strongly agreeing end of the Likert scale for perceptions of actual service delivery reveals 11 percent (see tables 6.8 and 6.12). On the other hand, at the strongly agreeing end of the Likert scale, 46 expect the highest level of service delivery in the private banks, in contrast, the strongly agree choice from the Likert scale for perceptions of actual customer service reveals 13 percent (see tables 6.9 and 6.13).

Although the data supports that performance as perceived by customers is below their expectations across all the 23 items and dimensions of service quality for both public and private banks. However, at the middle of the scale, numbers 3 to 5 on the Likert scale, the perceptions of service delivery are greater than that expected with number 3 indicating 11 percent and 10 percent of the perceptions of public and private customers respectively, also 2 and 3.5 percent in expectations of public and private bank customers respectively.

Likewise, number 5 gained 29 percent for perceptions of service delivery in public banks and 25 percent in private banks and 14 percent in public banks and 11 percent in private banks for their expectations of this service.

The gap between customers' expectations and perceptions of services provided by public and private banks is generally widest in public banks. Although there is similarity in the gap between customers' expectations and perceptions of service quality in both banks, this gap as shown in tables 6.16 and 6.17 is greater in the public banks than those of private bank in all the 23 items and five SERVQUAL dimensions, except the items 4, 18 and 23, this gap is greater in the private banks.

Statistically the mean differences between the customers' expectations and perceptions of the service provided by both commercial public and private banks related to the entire 23 items and the five SERVQUAL dimensions. A negative t statistic for all these items and dimensions denotes that customers' expectations of both banks were higher than their perceptions of the service perceived (see tables 6.16 and 6.17).

The mean group scores as shown in table 6.18 indicate the mean gap scores by dimensions for the total consumer sample. From the table, it is noted that the bigger gap score, the more serious the service quality shortfall for the consumer viewpoint. The table 6.18 shows that this gap calculated at the service dimensions level for each bank is consistently negative, indicating either some dissatisfaction with the delivery of the service or higher expectations than were realistic. The most important dimensions (the largest gap scores) were "reliability" with a gap score of -2.02 for public banks and "tangible" with a gap score of -1.52 was found for private banks.

Table 6.16 Gap mean differences between consumers' expectations and perceptions of service quality in the public banks

Items	Mean of perception	Mean of expectation	Gap	t	Sig.
1. Using up-to-date equipment	5.05	6.54	-1.49	17.1	0.00
2. The physical facilities of the bank	4.02	6.05	-2.03	16.4	0.00
3. The appearance of bank employees	4.81	6.34	-1.53	14.4	0.00
4. Suitability of bank appearance with the nature of service provided	4.41	5.83	-1.42	11.7	0.00
5. The banks promises to customers	4.20	6.34	-2.14	17.3	0.00
6. Bank sympathy with customers' problems	3.82	6.03	-2.21	17.7	0.00
7. Providing proper service to the customer the first time	4.15	6.20	-2.05	16.0	0.00
8. Providing service at the time promised	4.15	6.24	-2.09	17.0	0.00
9. Bank records	4.88	6.49	-1.61	16.9	0.00
10. Telling customer from the time of providing service	5.02	5.84	-0.82	8.6	0.00
11. Provide services promptly and quickly to customers	5.08	6.14	-1.06	8.8	0.00
12. Willingness to help customers	3.98	6.13	-2.15	17.3	0.00
13. Responding to customers requests	3.55	6.00	-2.45	19.4	0.00
14. The impact of employees' behaviour on customers	5.25	6.33	-1.08	10.2	0.00
15. Customers' treatment by the bank	5.39	6.41	-1.02	9.9	0.00
16. Employees' behaviour with customers	4.75	6.43	-1.68	15.6	0.00
17. Knowledge and understanding of bank employees	4.58	6.37	-1.79	16.2	0.00
18. Bank caring for customers	4.37	5.21	-0.84	5.8	0.00
19. Employees attention to customers	4.14	5.09	-0.95	7.1	0.00
20. Bank employees' awareness of the customer needs	4.78	5.60	-0.82	6.8	0.00
21. Bank attention to the interest of customers	4.69	5.88	-1.19	10.5	0.00
22. Suitability of opening hours for customers	5.12	5.88	-0.76	7.1	0.00
23. The clarity of bank charges for customers	5.12	5.89	-0.77	6.5	0.00

- t is the t score
- Sig is the level of significance (5%)
- A negative gap indicates that customers' expectation of service quality is more than their perception. While a positive gap shows that their perception is exceeding their expectation.
- The gap scores are measured on a seven-point scale on which higher values mean better perceptions or expectations

Note: Constructed by the researcher and based on field data gathered as part of this investigation

Table 6.17 Gap mean differences between consumers' expectations and perceptions of service quality in the private banks

Items	Mean of perception	Mean of expectation	Gap	t	Sig.
1. Using up-to-date equipment	5.32	6.61	-1.29	15.4	0.00
2. The physical facilities of the bank	4.41	6.16	-1.75	14.5	0.00
3. The appearance of bank employees	5.09	6.48	-1.39	15.9	0.00
4. Suitability of bank appearance with the nature of service provided	4.49	6.14	-1.65	15.3	0.00
5. The banks promises to customers	4.44	6.29	-1.85	17.6	0.00
6. Bank Sympathy with customer's problems	5.02	5.79	-0.77	6.5	0.00
7. Providing proper service to the customer the first time	4.30	6.08	-1.78	16.1	0.00
8. Providing service at the time promised	4.51	6.03	-1.52	12.9	0.00
9. Bank records	5.61	6.45	-0.84	9.8	0.00
10. Telling customer from the time of providing service	5.24	5.83	-0.59	5.4	0.00
11. Provide services promptly and quickly to customers	5.28	6.09	-0.81	6.9	0.00
12. Willingness to help customers	5.27	6.04	-0.77	6.7	0.00
13. Responding to customers requests	4.95	5.91	-0.96	9.6	0.00
14. The impact of employees' behaviour on customers	5.45	6.28	-0.83	8.7	0.00
15. Customers' treatment by the bank	5.66	6.44	-0.78	8.2	0.00
16. Employees' behaviour with customers	5.73	6.39	-0.66	9.4	0.00
17. Knowledge and understanding of bank employees	5.57	6.42	-0.85	9.4	0.00
18. Bank caring for customers	4.45	5.32	-0.87	6.9	0.00
19. Employees attention to customers	4.39	4.83	-0.44	3.4	.001
20. Bank employees' awareness of the customer needs	4.86	5.54	-0.68	6.1	0.00
21. Bank attention to the interest of customers	4.66	5.76	-1.10	9.5	0.00
22. Suitability of opening hours for customers	5.28	5.82	-0.54	3.8	0.00
23. The clarity of bank charges for customers	5.24	6.25	-1.01	8.5	0.00

- t is the t score
- Sig is the level of significance (5%)
- A negative gap indicates that customers' expectation of service quality is more than their perception. While a positive gap shows that their perception is exceeding their expectation.
- The gap scores are measured on a seven-point scale on which higher values mean better perceptions or expectations

Note: Constructed by the researcher and based on field data gathered as part of this investigation

Table 6.18 Customers' perceptions of the five service quality dimensions of public and private banks

Dimensions	Mean of perception	Mean of expectation	Gap	t	Sig.
Public Banks					
Tangible	4.57	6.19	-1.62	17.9	0.000
Reliability	4.24	6.26	-2.02	20.1	0.000
Responsiveness	4.41	6.26	-1.85	18.1	0.000
Assurance	4.99	6.38	-1.39	17.6	0.000
Empathy	4.70	5.59	-0.89	11.3	0.000
Overall	4.58	6.09	-1.51	21.1	0.000
Private Banks					
Tangible	4.83	6.35	-1.52	11.3	0.000
Reliability	4.78	6.13	-1.37	17.2	0.000
Responsiveness	5.19	5.97	-0.78	8.3	0.000
Assurance	5.60	6.38	-0.78	10.8	0.000
Empathy	4.81	5.58	-0.77	8.03	0.000
Overall	5.04	6.08	-1.04	15.6	0.000
<ul style="list-style-type: none"> • t is the t score • Sig is the level of significance (5%) • A negative gap indicates that customers' expectation of service quality is more than their perception. While a positive gap shows that their perception is exceeding their expectation. • The gap scores are measured on a seven-point scale on which higher values mean better perceptions or expectations 					

Note: Constructed by the researcher and based on field data gathered as part of this investigation

As shown in table 6.18 above, the reliability score for public banks and tangible score for private banks does appear to be significant particularly in consideration that these were ranked as the number one service dimensions in terms of importance by the customers as a whole. Both the tangible and responsiveness dimensions that are the second most important dimensions in the public banks have significant gaps -1.62 and -1.85 respectively. Whereas, responsiveness and assurance the second most important dimensions, have a significant gap -0.78 for the private banks. The smallest gap between customers' expectations and perceptions is in the empathy dimension which has a significance gap -0.89 and 0.77 in the public and private banks respectively; this indicates also there is a shortfall in service quality delivery.

Finally, according to findings in tables 6.16, 6.17 and 6.18 customers' expectations and perceptions of service quality in both types of commercial banks differ significantly in

all items, dimensions and overall the service as the probability (p-value) of these items and dimensions is less than 5% in all cases.

Thus, the third null hypothesis (H03) is rejected and that there are significant differences between customers' expectations and perceptions of service quality in both public and private banks.

6.4.3 Relative importance of SERVQUAL dimensions from customers' perspectives

In order to get a clearer picture of the perceptions of the respondents, it was important to examine the rank orderings of the importance of the different dimensions as indicated by the respondents. More specifically, it is important to comprehend the relative importance of the service quality dimensions and to understand and acknowledge the most important and least important of SERVQUAL dimensions from the customer's viewpoint.

In using the SERVQUAL instrument, (see appendix 1) customers were asked to rank the five service quality dimensions, by dividing up of 100 points amongst the five dimensions in terms of their personal importance. Therefore, to determine the importance customers placed on service quality, respondents were asked to allocate 100 points among the following service quality dimensions: Tangibility, Reliability, Responsiveness, Assurance, and Empathy. The instructions asking that the greatest number of points to be given to the most important factor in determining service quality of their bank.

In order to test the difference between the relative importance of SERVQUAL dimensions from customers' perspective, the following hypothesis was formulated, based on the stated purposes of this study:

H04. There is no difference in the ranked order of the five dimensions of service quality for customers of Libyan commercial public and private banks.

Ha4. There is a difference in the ranked order of the five dimensions of service quality for customers of Libyan commercial public and private banks.

6.4.3.1 The most important and least important of the SERVQUAL dimensions

Table 6.18 below shows how well Libyan commercial banks perform along the SERVQUAL dimensions as perceived by their customers. This table shows that the most important dimension of service, i.e. reliability, has the most negative, unweighted service quality in the public banks and the second most negative, unweighted service quality in the private banks. The second most important dimension, that of tangibility has the most negative unweighted service quality in the private banks and second most negative unweighted service quality in the public banks.

Table 6.19

Importance of SERVQUAL dimensions by customers of public and private banks

Dimensions	Percentage %		Weight		Rank of dimensions*	
	Public	Private	Public	Private	Public	Private
Tangibility	22	21	0.22	0.21	2	2
Reliability	23	26	0.23	0.26	1	1
Responsiveness	19	19	0.19	0.19	3	3
Assurance	19	18	0.19	0.18	4	4
Empathy	17	16	0.17	0.16	5	5
Total	100	100	% 100	% 100		
*1 indicates "most important" and 5 indicates "least important"						

Note: Constructed by the researcher and based on field data gathered as part of this investigation

In regards to quality improvement, the most important dimension to which highest rating is assigned in both public and private banks is reliability (23 percent for public banks and 26 percent for private banks). This dimension is closely followed by tangibility (22 percent for public banks and 21 percent for private banks). In the responsiveness and assurance dimensions the weightings are almost the same in both banks at 19%. Empathy has the lowest negative of the SERVQUAL scores (17 percent and 16 percent in the public and private banks respectively) and appears by bank customers as the least important of the dimensions.

Table 6.20**Importance of SERVQUAL dimensions according to number of customers**

Dimensions	Number of customers		Rank of dimensions*	
	Public	Private	Public	Private
Tangibility	56	42	2	2
Reliability	58	51	1	1
Responsiveness	49	37	3	3
Assurance	47	36	4	4
Empathy	41	32	5	5
Total	251	198		
*1 indicates “most important” and 5 indicates “least important”				

Note: Constructed by the researcher and based on field data gathered as part of this investigation

The results revealed that the percentage of points allocated by both groups of customers is similar (see Table 6.19). In both public and private banks, all the respondents of these services found it hard to identify the relative importance of the service quality dimensions as the weighted figure appeared to be almost the same. This similarity of relative importance of SERVQUAL dimensions is supported by the descriptive statistics of table 6.20 and figure 6.1. Table 6.20 show the relative importance of all groups according to number of respondents, for example, 23 percent of responding customers in the public banks (58 out of 251 customers) indicated that reliability is the most important service quality dimension, 22 percent (56 customers) indicated that tangibility is the second most important and 17 percent (41 customers) indicated empathy as being the least important dimension. By comparison, the customers of private banks at 26 percent (51 out of 198 customers) indicate reliability to be their most important service quality dimension. 21 percent (42 customers) indicate tangible as the second most important dimension whilst 16 percent (32 customers) indicate empathy as being of the least importance. Moreover, figure 6.1 also shows the similarity between these dimensions especially in the tangible, responsiveness, assurance and empathy dimensions.

6.4.3.2 Unweighted and weighted gap score within the SERVQUAL dimensions

Like the weighted gap score, the unweighted gap score among the five service quality dimensions indicated that the banks' services fell short of the customers' expectations on each dimension. Table 6.21, shows the reliability dimension for both banks had the

biggest weighted gap score of -0.4646 in public banks and -0.3562 in private banks, this is followed by the tangibility dimension of -0.3564 in public and -0.3192 in private banks. The responsiveness dimension gave -0.3515 in public and -0.1482 in private banks, assurance dimension of -0.2641 in public and -0.1404 in private banks, and empathy dimension of -0.1513 in public and -0.1232 in private banks.

This table shows also that the reliability dimension had the biggest unweighted gap score -2.02 in public banks and tangibility dimension had the biggest unweighted gap score -1.52 in private banks. This is followed by the responsiveness dimension of -1.85 in public banks and the reliability dimension of -0.78 in private banks. The responsiveness dimension gave -1.85 in public and -0.1482 in private banks. The smallest gap score related to assurance and empathy dimensions. Assurance had gap score -1.39 in public and -0.78 in private banks, and empathy dimension had -0.89 in public and -0.77 in private banks.

Table 6.21 Comparison of weighted and unweighted customers' gap scores among the five SERVQUAL dimensions in the public and private banks

Dimensions	Unweighted SERVQUAL scores		Weighted SERVQUAL scores	
	Public banks	Private banks	Public banks	Private banks
Tangibility	-1.62	-1.52	-0.3564	-0.3192
Reliability	-2.02	-1.37	-0.4646	-0.3562
Responsiveness	-1.85	-0.78	-0.3515	-0.1482
Assurance	-1.39	-0.78	-0.2641	-0.1404
Empathy	-0.89	-0.77	-0.1513	-0.1232
Total	-1.554	-1.044	-0.318	-0.217

Note: Constructed by the researcher and based on field data gathered as part of this investigation

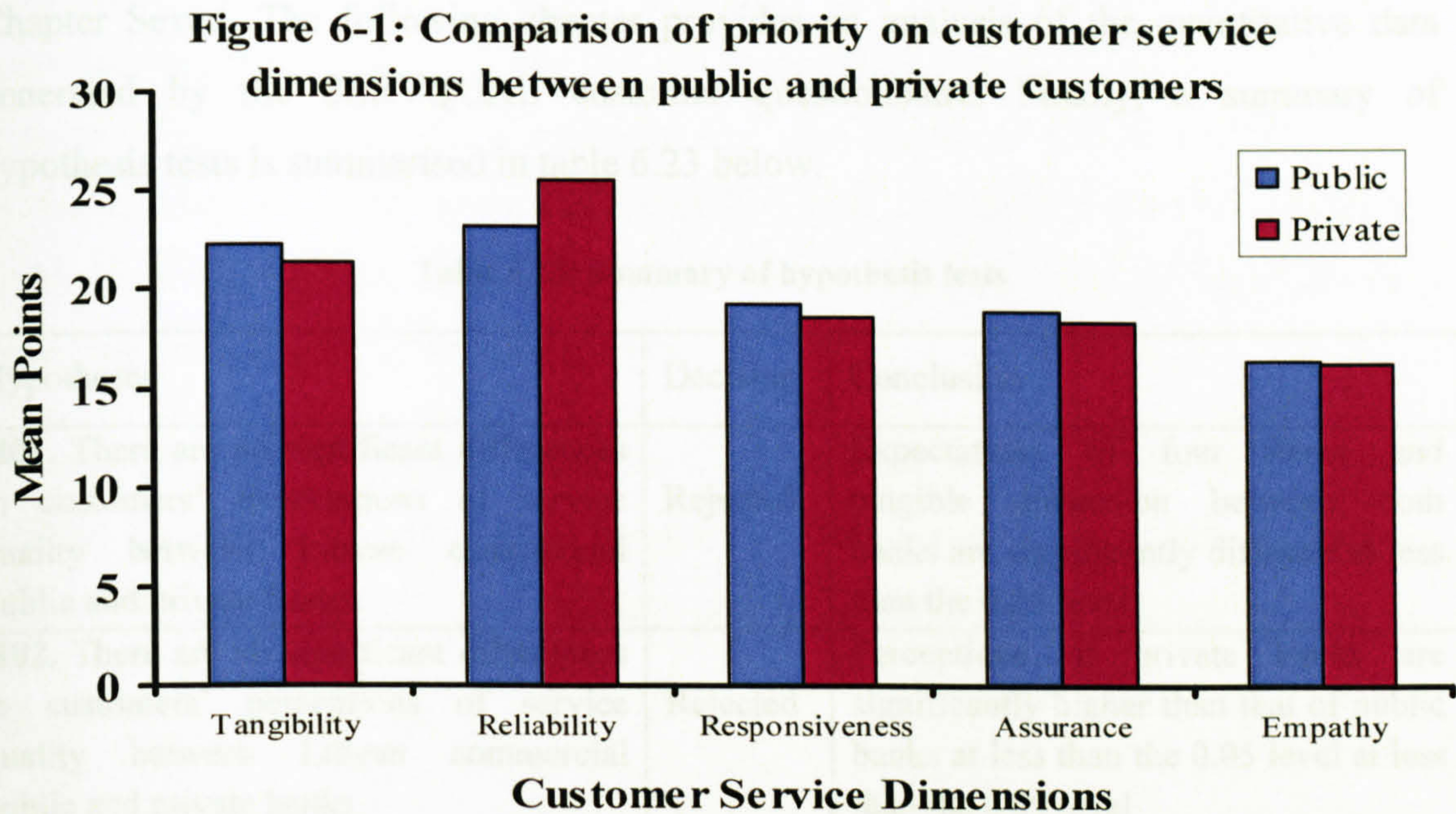
Although, the difference between total weighted SERVQUAL score (-0.318) and total unweighted SERVQUAL score (-1.554) in the public banks and total weighted (-0.217) and unweighted (-1.044) in the private banks does appear noteworthy. However, this difference does not appear noteworthy between unweighted gap score in public and private banks and between weighted gap score in both banks as well.

According to results of table 6.19 and 6.21 the summary of the final ranking of the five service quality dimensions from both public and private consumer's perspective would be presented in table 6.22.

Table 6.22 Summary of priority or ranking of the SERVQUAL dimensions

Priority	Dimension
1	Reliability: Ability to perform the promised service dependably and accurately
2	Tangibility: Appearance of physical facilities, equipment, personnel, and communication material
3	Responsiveness: Willingness to help customer and provide prompt service
4	Assurance: Knowledge and courtesy of employees and their ability to convey trust and confidence
5	Empathy: Caring individual attention the firm provides to its customer

Note: Constructed by the researcher and based on field data gathered as part of this investigation



Finally, as mentioned previously, there are no differences in the ranked order of the five dimensions of service quality dimensions for customers of Libyan commercial public and private banks; reliability is most important among the service quality dimensions followed by tangibility, responsiveness, assurance and empathy least. Thus, the fourth null hypothesis (H04) is accepted, that there is no difference in the ranked order of the five dimensions of service quality dimensions for both customers of banks.

6.5 Summary

This chapter presented the results of a survey involving 449 customers. Survey findings relating to all parts of the survey instrument were analysed and possible indications from the outcomes were highlighted. The data collected were analysed using the SPSS package, along with standard statistical analysis techniques: independent samples t-test, paired samples t-test and mean ratings. Analysis of variance procedures was used for gap five of SERVQUAL instrument to assess and test customers' expectations and perceptions of banks' service quality in addition to identifying the relative importance of the five service quality dimensions. In short, this chapter has provided an analysis of the data from the customers' standpoints. However, further discussion and interpretation of the findings from bank managers and employees standpoints will be presented in Chapter Seven. The following chapter provides an analysis of the quantitative data generated by the SERVQUAL customer questionnaire. Finally, a summary of hypothesis tests is summarised in table 6.23 below.

Table 6.23: Summary of hypothesis tests

Hypotheses	Decision	Conclusion
H01. There are no significant differences in customers' expectations of service quality between Libyan commercial public and private banks.	Rejected	Expectations of four items and tangible dimension between both banks are significantly different at less than the 0.05 level
H02. There are no significant differences in customers' perceptions of service quality between Libyan commercial public and private banks.	Rejected	Perceptions of private banks are significantly higher than that of public banks at less than the 0.05 level at less than the 0.05 level
H03. There are no significant differences between customers' expectations and perceptions of service quality in Libyan commercial public and private banks.	Rejected	There are significant differences between customers' expectations and perceptions of service quality in both banks
H04. There is no difference in the ranked order of the five dimensions of service quality for customers of Libyan commercial public and private banks.	Accepted	The ranked order of the five dimensions of service quality is not significantly different between customer public and private banks at less than the 0.05 level

CHAPTER SEVEN

RESULTS RELATING TO BANKERS' PERCEPTIONS OF CUSTOMERS' EXPECTATIONS AND ACTUAL CUSTOMERS' EXPECTATIONS

7.1 Introduction

The purpose of this research is to examine the differences between managers' and employees' perceptions of customer expectations and the actual customers' expectations of service quality in both the Libyan commercial public and Libyan private banks using the SERVQUAL instrument. This chapter consequently consists of an analysis of these differences to include: Firstly, a depiction of the results of SERVQUAL questionnaire administration, including a demographic profile of participants, and the verification of reliability of the research instrument. Secondly, this chapter provides an analysis of understanding the gap (Gap 1) and the service provider gap (Gap 6). This includes an analysis of service quality from the employees' and managers' standpoints. Thirdly, an analysis of the relative importance of the SERVQUAL dimensions, from a manager and employee standpoint, are analysed to determine which dimension is the most important from both work groups of both bank types.

The data collected are analysed using the SPSS package, along with standard statistical analysis techniques: t-test and mean ratings to give the results for each detailed analysis. The following chapter interprets and discusses the implications of all groups of data.

7.2. Survey responses rate

In the public banks, of the 190 copies (130 employees and 60 managers) of the questionnaire distributed, twenty-one copies were not returned (11 percent employees and 12 percent managers). One hundred and sixteen employee questionnaires and fifty three manager questionnaires were received. However, ten employee questionnaires (8 percent) and seven manager questionnaires (12 percent) were incomplete and thus unusable in the survey. The usable responses comprising of one hundred and six employee questionnaires and forty-six manager questionnaires giving a total response rate of 81 percent and 76 percent employee and manager respectively. Table 7.1 provides a summary of these results.

Table 7.1 Survey responses rate in public and private banks

Questionnaires	Public banks				Private banks			
	Employees		Managers		Employees		Managers	
	Frequency	%	Frequency	%	Frequency	%	Frequency	%
Total number of questionnaires	130	100	60	100	130	100	60	100
Questionnaires not returned	(14)	11	(7)	12	(14)	11	(4)	7
Incomplete questionnaires	(10)	8	(7)	12	(12)	9	(2)	3
Usable questionnaire returned	106	81	46	76	104	80	54	90
Total	106	100	46	100	104	100	54	100

Note. Constructed by researcher on the basis of field data gathered as part of this investigation

The responses from private banks are shown in table 7.1. Of the 190 responses (130 employees and 60 managers) of the questionnaire distributed, eighteen responses were not returned (11 percent) employees and (7 percent) managers. One hundred and sixteen employee questionnaires and fifty-six manager questionnaires were received. However, twelve employee questionnaires (9 percent) and two manager questionnaires (3 percent) were incomplete and thus unusable so the usable responses gave one hundred and four employee questionnaires and fifty four manager questionnaires in number, a total response rate of (80 percent) and (90 percent) employee and manager respectively.

7.3 Descriptive statistics on the demographic profile of respondents

The demographic characteristics: - gender, age, education level and the duration of their relationship with their bank for the employees and managers of both bank types provide the descriptive statistics for the respondents. These are presented as follows:

7.3.1 Gender

Table 7.2 below illustrates the frequency and percentage of employees and managers respondents as classified by their gender. This table shows that the majority of the respondents of both employees and managers in both banks groups are male. In private banks this is 68% of the employees. The respondents' rate for the rest of the groups is more than 75% male.

Table 7.2 Description of the respondents for gender

Descriptive	Employees responses				Manager responses			
	Public banks		Private banks		Public banks		Private banks	
	Frequency	%	Frequency	%	Frequency	%	Frequency	%
Male	82	77	71	68	39	85	46	85
Female	24	23	33	32	7	15	8	15
Total	106	100	104	100	46	100	54	100

Note. Constructed by the researcher and based on field data gathered as part of this investigation

7.3.2 Age

As shown in table 7.3 the majority of respondents either employees or managers in both banks groups are between the ages 18-30 years. The notable exception is the group (43%) of managers in public banks between the ages more than 60 years of age. The minority of respondents for both private banks groups are between 51-60 years while the minority of respondents for public banks are between 41-50 and 18-30 years old of employees and managers respectively.

Table 7.3 Age of respondents

Descriptive/ years	Employees responses				Manager responses			
	Public banks		Private banks		Public banks		Private banks	
	Frequency	%	Frequency	%	Frequency	%	Frequency	%
18-30	36	34	71	68	3	7	26	48
31-40	22	21	18	17	5	11	15	28
41-50	14	13	10	10	11	24	4	7
51-60	18	17	1	1	7	15	2	4
More than 60	16	15	4	4	20	43	7	13
Total	106	100	104	100	46	100	54	100

Note. Constructed by the researcher and based on field data gathered as part of this investigation

7.3.3 Educational level

In terms of educational levels, the majority for all groups across both bank types are at the level of bachelor's degrees as shown in table 7.4. The second largest groups occur between intermediate and higher diploma levels in all the groups of these banks. Finally, the smallest rate of these levels is at masters and doctoral degree levels in all groups.

Table 7.4 Summary of educational level

Descriptive	Employees responses				Manager responses			
	Public banks		Private banks		Public banks		Private banks	
	Frequency	%	Frequency	%	Frequency	%	Frequency	%
Intermediate diploma and less	22	21	13	12	15	33	6	11
Higher diploma	24	23	18	17	12	26	9	17
Bachelor degree	51	48	66	64	18	39	34	63
Masters degree	7	6	7	7	1	2	5	9
Doctorate degree	2	2	-	-	-	-	-	-
Total	106	100	104	100	46	100	54	100

Note: Constructed by the researcher and based on field data gathered as part of this investigation

7.3.4 Duration of relationship with bank

Duration of between 6-10 years is the most frequent period for both employees and managers of public banks. It is also the most frequent duration for the managers of private banks. However for employees' private banks, the most frequent period remain between 1-5 years (see table 7.5 below). No one has worked for the banks from more than 20 years.

Table 7.5 Duration of relation of a bank

Descriptive	Employees responses				Manager responses			
	Public banks		Private banks		Public banks		Private banks	
	Frequency	%	Frequency	%	Frequency	%	Frequency	%
1-5	42	40	67	64	09	20	16	30
6-10	47	44	32	31	18	39	24	44
11-15	14	13	2	2	14	30	12	22
16-20	3	3	3	3	05	11	2	04
More than 20	-	-	-	-	-	-	-	-
Total	106	100	104	100	46	100	54	100

Note: Constructed by the researcher and based on field data gathered as part of this investigation

7.4 Confirmation of SERVQUAL reliability

The purpose of this research is to examine the differences between managers' and employees' perceptions of customers' expectations and actual customers' expectations of service quality in the Libyan commercial public and private banks using the SERVQUAL scale. Therefore, the SERVQUAL questionnaire has been distributed to both groups of employees and managers in both public and private banks. A reliability analysis of each questionnaires group was determined by using the Cronbach Alpha technique to statistically measure the internal consistency and reliability of the research instrument. The results of these tests are shown in table 7.6 below which illustrates that the reliability coefficient for employees and managers perceptions of customers expectations is .92 and .88 respectively, which are all satisfactory (>0.7)

Table 7.6 Cronbach's alpha test for employees and managers groups

Group	Cronbach's Alpha	No. of items
Managers	.92	28
Employees	.88	28

Note: Constructed by the researcher and based on field data gathered as part of this investigation

7.5 Data analysis of customers' expectations

This section is divided into three stages: the first stage is devoted to Gap 1 and is the descriptive analysis of the data that is collected from the managers' questionnaire. The second stage is devoted to the descriptive analysis of the data that was collected by the employees' questionnaire Gap 6. The final stage is dedicated to reveal any differences between the data that was collected from managers and employees in both banks types Gap 7. This section will test the following hypotheses:

H01: There are no significant differences in customers' expectations of service quality and managers' perceptions of these expectations between public and private banks.

Ha1: There are significant differences in customers' expectations of service quality and managers' perceptions of these expectations between public and private banks.

H02: There are no significant differences in customers' expectations of service quality and employees' perceptions of these expectations between public and private banks.

Ha2: There are significant differences in customers' expectations of service quality and employees' perceptions of these expectations between public and private banks.

H03: There are no significant differences in the perceptions of customers' expectations between managers and employees of public and private banks.

Ha3: There are significant differences in the perceptions of customers' expectations between managers and employees of public and private banks.

7.5.1 Testing hypothesis 1 (Comparison of managers' perceptions of customers' expectations against customers' expectations in public and private banks)

It is vital for both managers and customers to have consistent expectations and evaluations for a successful service exchange to occur. Insufficient knowledge of customer expectations subsequently creates the gap between management perceptions of customers' expectations and the actual expectations of the customers. In the present study, the magnitude of this gap was measured directly by comparing the ratings of managers against the corresponding ratings by the sampled customers on the 23 quality attributes in the questionnaire.

In order to test the differences between the managers' perceptions of customers' expectations and actual customers' expectations in Libyan commercial public and private banks of service quality by using the five dimensions of the SERVQUAL scale. The following hypotheses were formulated, based on the stated purposes of this study:

H01: There are no significant differences in customers' expectations of service quality and managers' perception of these expectations between public and private banks.

Ha1: There are significant differences in customers' expectations of service quality and managers' perception of these expectations between public and private banks.

The results of the managers' perceptions of customers' expectations are measured on a seven-point Likert scale as are the customer expectations measured in the last chapter on which 1 represents "Strongly disagree" and 7 "Strong agreement" in which the higher score represents a greater level of the managers' perceptions of customers expectations.

These findings as shown in tables 7.9 and 7.10 below indicate that all the mean responses in both groups for either the 23 items or the five dimensions of service quality in public and private banks were above 5.00 on the seven point scale. Consequently, the customers' expectations and the managers' perceptions of these expectations in both banks had high scores in relation to the bank's service quality.

The results of managers' perceptions of high customers' expectations are confirmed by the managers' perceptions of customers' expectations frequencies as shown in tables 7.7 and 7.8 in both public and private banks respectively. Table 7.7 shows that half of public bank managers responses (23 out of 46) are as strong agreement. In other words, at the strongly agree end of the Likert scale, 50 percent of the managers of public banks perceive the customers' expectations of the highest level service delivery. Whereas, the high managers' perceptions of these high expectations in private banks shown in table 7.8 demonstrates the managers' perceptions of customers' expectations frequencies. This table indicates that more than half (28 out of 54) of these responses are in strong agreement. That means at the strongly agreeing end of the Likert scale, 52.6 percent of the managers of private banks perceive the highest level of customer' expectations of service quality are provided.

Descriptive statistics analysis was used to investigate the service quality gap in both public and private banks. As shown in Tables 7.9 and 7.10 the mean of customers' expectations and managers' perceptions of customers' expectations scores along each of the 23 items was calculated for both customers and managers. The mean expectation score for the customers was subtracted from the mean perception score for the managers. By using the independent t-test, significant differences ($p < 0.05$ level) in mean scores is shown between customers' expectations and managers' perceptions of customers' expectations in both banks.

Table 7.7 Managers' perceptions of customers' expectations frequencies in public banks

Questions	Strongly Disagree							Strongly Agree						
	1	2	3	4	5	6	7	1	2	3	4	5	6	7
	%	%	%	%	%	%	%	%	%	%	%	%	%	%
1. Using up-to-date equipment	1	2.2	-	-	-	-	1	2.2	1	2.2	4	8.7	39	84.8
2. The physical facilities of the bank	-	-	-	-	-	-	-	-	2	4.3	15	32.6	29	63
3. The appearance of bank employees	-	-	-	-	-	-	1	2.2	1	2.2	8	17.4	36	78.3
4. Suitability of bank appearance with the nature of service provided	-	-	1	2.2	2	4.3	1	2.2	6	13	15	32.6	21	45.7
5. The banks promises to customers	-	-	1	2.2	-	-	2	4.3	5	10.9	14	30.4	34	52.2
6. Bank Sympathy with customers' problems	-	-	1	2.2	3	6.5	2	4.3	7	15.2	16	34.8	17	37
7. Providing proper service to the customer the first time	-	-	-	-	-	-	1	2.2	7	15.2	15	32.6	23	50
8. Providing service at the time promised	-	-	2	4.3	1	2.2	-	-	8	17.4	18	39.1	17	37
9. Bank records	-	-	-	-	-	-	-	-	1	2.2	14	30.4	31	67.4
10. Telling customer from the time of providing service	-	-	2	4.3	-	-	6	13	5	10.9	17	37	16	34.8
11. Provide services promptly and quickly to customers	-	-	1	2.2	-	-	1	2.2	3	6.5	18	39.1	23	50
12. Willingness to help customers	-	-	1	2.2	1	2.2	2	4.3	8	17.4	17	37	17	37
13. Responding to customers requests	-	-	1	2.2	-	-	2	4.3	6	13	15	32.6	22	47.8
14. The impact of employees' behaviour on customers	-	-	-	-	-	-	-	-	1	2.2	14	30.4	31	67.4
15. Customers' treatment by the bank	-	-	-	-	-	-	-	-	-	-	12	26.1	34	73.9
16. Employees' behaviour with customers	-	-	-	-	-	-	-	-	-	-	14	30.4	32	69.6
17. Knowledge and understanding of bank employees	-	-	-	-	-	-	-	-	2	4.3	14	30.4	30	65.2
18. Bank caring for customers	1	2.2	1	2.2	1	2.2	8	17.4	12	26.1	12	26.1	11	23.9
19. Employees attention to customers	1	2.2	1	2.2	1	2.2	14	30.4	11	23.9	11	23.9	7	15.2
20. Bank employees' awareness of the customer needs	-	-	2	4.3	1	2.2	2	4.3	8	17.4	20	43.5	13	28.3
21. Bank attention to the interest of customers	-	-	-	-	-	-	4	8.7	5	10.9	21	45.7	16	34.8
22. Suitability of opining hours for customers	-	-	1	2.2	1	2.2	2	4.3	12	26.1	17	37	13	28.3
23. The clarity of bank charges for customers	-	-	1	2.2	-	-	-	-	3	6.5	16	34.8	26	56.5
Averages	1	0.3	1	1.5	1	2	2	4.5	5	10.7	14	31.5	23	50
<ul style="list-style-type: none"> • 1 Strongly disagree is lower management' perceptions of customers' expectations • 7 Strongly agree is higher management' perceptions of customers' expectations 														

Note. Constructed by researcher on the basis of field data gathered as part of this investigation

Table 7.8 Managers' perceptions of customers' expectations frequencies in private banks

Questions	Strongly Disagree							Strongly Agree						
	1	2	3	4	5	6	7	1	2	3	4	5	6	7
	%	%	%	%	%	%	%	%	%	%	%	%	%	%
1. Using up-to-date equipment	1	1.9	1	1.9	-	-	-	-	2	3.7	9	16.7	41	75.9
2. The physical facilities of the bank	1	1.9	1	1.9	-	-	-	-	-	-	15	27.8	37	68.5
3. The appearance of bank employees	-	-	-	-	-	-	-	-	1	1.9	14	25.9	39	72.2
4. Suitability of bank appearance with the nature of service provided	-	-	-	-	-	-	-	-	2	3.7	25	46.3	27	50
5. The banks' promises to customers	-	-	2	3.7	-	-	-	-	5	9.3	16	29.6	31	57.4
6. Bank Sympathy with customers' problems	-	-	-	-	-	-	2	3.7	9	16.7	22	40.7	21	38.9
7. Providing proper service to the customer the first time	-	-	-	-	1	1.9	2	3.7	3	5.6	18	33.3	30	55.6
8. Providing service at the time promised	-	-	1	2.9	-	-	1	1.9	6	11.1	20	37	26	48.1
9. Bank records	-	-	-	-	-	-	-	-	2	3.7	14	25.9	38	70.4
10. Telling customer from the time of providing service	-	-	1	1.9	-	-	3	5.6	8	14.8	20	37	22	40.7
11. Provide services promptly and quickly to customers	-	-	1	1.9	-	-	2	3.7	4	7.4	15	27.8	32	59.3
12. Willingness to help customers	-	-	1	1.9	1	1.9	-	-	7	13	21	38.9	24	44.4
13. Responding to customers requests	1	1.9	1	1.9	-	-	1	1.9	7	13	18	33.3	26	48.1
14. The impact of employees' behaviour on customers	-	-	2	3.7	1	1.9	-	-	1	1.9	11	20.4	39	72.2
15. Customers' treatment by the bank	-	-	1	1.9	-	-	-	-	-	-	13	24.1	40	74.1
16. Employees' behaviour with customers	-	-	1	1.9	-	-	-	-	-	-	15	27.8	38	70.4
17. Knowledge and understanding of bank employees	-	-	1	1.9	-	-	-	-	2	3.7	18	33.3	33	61.1
18. Bank caring for customers	-	-	-	-	1	1.9	4	7.4	12	22.2	25	46.3	12	22.2
19. Employees attention to customers	-	-	1	1.9	1	1.9	6	11.1	14	25.9	20	37	12	22.2
20. Bank employees' awareness of the customer needs	-	-	-	-	1	1.9	3	5.6	7	13	26	48.1	17	31.5
21. Bank attention to the interest of customers	-	-	-	-	1	1.9	5	9.3	7	13	19	35.2	22	40.7
22. Suitability of opening hours for customers	-	-	2	3.7	2	3.7	4	7.4	9	16.7	21	38.9	16	29.6
23. The clarity of bank charges for customers	-	-	-	-	3	5.6	-	-	-	-	18	33.3	33	61.1
Averages	1	0.25	1	1.4	1	1	2	3	4	8.75	17	33	28	52.6
<ul style="list-style-type: none"> • 1 Strongly disagree is lower management' perceptions of customers' expectations • 7 Strongly agree is higher management' perceptions of customers' expectations 														

Note. Constructed by researcher on the basis of field data gathered as part of this investigation

In the public banks 16 of the 23 (approximately 70 percent) as shown in table 7.9 the management scored items higher than their customers. The managers believe that their customers expect more than the customers themselves expect, and in 6 of 16 items i.e. (The physical facilities of the bank, the appearance of bank employees, the impact of employees' behaviour on customers, customers' treatment by the bank, employees' behaviour with customers and the clarity of bank charges for customers) the difference was statistically significant at the < 0.05 level. In the remainder of the 23 items (approximately 30 percent), customers scored the items higher than the managers, though this did not result in a significant statistical difference. The greatest underestimation between the bank managers and their customers occurs in three items.

These are: - the banks' sympathy with customer's problems, the provision of service at the time promised and a willingness to help customers. Such items indicate that managers believed they were not doing an adequate job in meeting customers' expectations.

In contrast, in 21 of the 23 items (about 91 percent) of the private banks as shown in table 7.10, management scored items higher than the customers. Again, the managers believe that customers expect more than the customers actually do. In seven of these items (The physical facilities of bank, the appearance of bank employees, bank suitability appearance with the nature of service provided, bank sympathy with customer's problems, bank caring for customers, employees' attention to customers and bank employees' awareness of the customer needs) the differences were statistically significant at the < 0.05 level. In the remainder of the 23 items (Using up-to-date equipment and the suitability of bank working hours for customers) though the customers score the items higher than management there is no statistically significant difference.

Table 7.9 Gap between managers' perceptions of customers' expectations and actual customers' expectations in public banks

Items	Manager	Customer	Gap	t	df	Sig
1. Using up-to-date equipment	6.72	6.54	0.18	-1.48	295	.139
2. The physical facilities of the bank	6.59	6.05	0.54	-3.04	295	.003
3. The appearance of bank employees	6.72	6.34	0.38	-2.92	295	.004
4. Suitability of bank appearance with the nature of service provided	6.07	5.83	0.24	-1.23	295	.220
5. The banks' promises to customers	6.24	6.34	-0.10	0.63	295	.527
6. Bank Sympathy with customers' problems	5.85	6.03	-0.18	0.96	295	.337
7. Providing proper service to the customer the first time	6.30	6.20	0.10	-0.59	295	.550
8. Providing service at the time promised	5.96	6.24	-0.28	1.65	295	.099
9. Bank records	6.65	6.49	0.16	-1.25	295	.212
10. Telling customer from the time of providing service	5.80	5.84	-0.04	0.19	295	.847
11. Provide services promptly and quickly to customers	6.30	6.14	0.16	-1.01	295	.309
12. Willingness to help customers	5.96	6.13	-0.17	0.98	295	.327
13. Responding to customers requests	6.17	6.00	0.17	-1.02	295	.308
14. The impact of employees' behaviour on customers	6.65	6.33	0.32	-2.22	295	.027
15. Customers' treatment by the bank	6.74	6.41	0.33	-2.21	295	.028
16. Employees' behaviour with customers	6.70	6.43	0.27	-2.00	295	.046
17. Knowledge and understanding of bank employees	6.61	6.37	0.24	-1.85	295	.064
18. Bank caring for customers	5.37	5.21	0.16	-0.70	295	.483
19. Employees attention to customers	5.04	5.09	-0.05	0.19	295	.844
20. Bank employees' awareness of the customer needs	5.78	5.60	0.18	-0.90	295	.369
21. Bank attention to the interest of customers	6.07	5.88	0.19	-0.91	295	.364
22. Suitability of opening hours for customers	5.78	5.88	-0.10	0.52	295	.601
23. The clarity of bank charges for customers	6.41	5.89	0.52	-2.41	295	.017
Notes: <ul style="list-style-type: none"> • t is the t score; • df is degrees of freedom; • Sig is the level of significance (5%); • a negative gap indicates that managers underestimated customers' expectations; a positive gap indicates that managers overestimated customers' expectations 						

Note. Constructed by researcher on the basis of field data gathered as part of this investigation

Table 7.10 Gap between managers' perceptions of customers' expectations and actual customers' expectations in private banks

Items	Manager	Customer	Gap	t	df	Sig
1. Using up-to-data equipment	6.56	6.61	-0.05	0.40	250	.687
2. The physical facilities of the bank	6.52	6.16	0.36	-2.30	250	.022
3. The appearance of bank employees	6.70	6.48	0.22	-2.31	250	.021
4. Suitability of bank appearance with the nature of service provided	6.46	6.14	0.32	-2.44	250	.015
5. The banks' promises to customers	6.33	6.29	0.04	-0.28	250	.776
6. Bank Sympathy with customers' problems	6.15	5.79	0.36	-2.00	250	.046
7. Providing proper service to the customer the first time	6.37	6.08	0.29	-1.66	250	.096
8. Providing service at the time promised	6.26	6.03	0.23	-1.06	247	.289
9. Bank records	6.67	6.45	0.22	-1.76	250	.079
10. Telling customer from the time of providing service	6.07	5.83	0.24	-1.37	250	.169
11. Provide services promptly and quickly to customers	6.37	6.09	0.28	-1.57	250	.118
12. Willingness to help customers	6.19	6.04	0.15	-0.80	250	.420
13. Responding to customers requests	6.15	5.91	0.24	-1.32	250	.185
14. The impact of employees' behaviour on customers	6.50	6.28	0.22	-1.37	250	.171
15. Customers' treatment by the bank	6.67	6.44	0.23	-1.72	250	.087
16. Employees' behaviour with customers	6.63	6.39	0.24	-1.60	250	.109
17. Knowledge and understanding of bank employees	6.50	6.42	0.08	-0.61	250	.540
18. Bank caring for customers	5.80	5.32	0.48	-2.14	250	.033
19. Employees attention to customers	5.61	4.83	0.78	-3.08	250	.002
20. Bank employees' awareness of the customer needs	6.02	5.55	0.47	-2.41	250	.016
21. Bank attention to the interest of customers	6.04	5.76	0.28	-1.46	250	.144
22. Suitability of opening hours for customers	5.72	5.82	-0.10	0.53	250	.595
23. The clarity of bank charges for customers	6.50	6.25	0.25	-1.72	250	.086
Notes:						
<ul style="list-style-type: none"> • t is the t score; • df is degrees of freedom; • Sig is the level of significance (5%); • a negative gap indicates that managers underestimated customers' expectations; a positive gap indicates that managers overestimated customers' expectations 						

Note. Constructed by researcher on the basis of field data gathered as part of this investigation

The greatest gaps in public banks reflect in item 2 (the physical facilities of the bank), item 3 (the appearance of bank employees), item 14 (the impact of employees' behaviour on customers), item 15 (customers' treatment by the bank) and item 23 (the clarity of bank charges for customers). In contrast, the largest gaps in private banks reflected in item 2, 3 and 4 (the physical facilities of the bank), item 6 (Bank sympathy with customer's problems), item 18 (Bank caring for customers), item 19 (employees attention to customers) and item 20 (bank employees' awareness of the customer needs).

It is noteworthy that two of these service items (item 15 in public banks and item 2 and 3 in private banks) rate high expectations in their customers. The item rated of least importance by the customers of public banks is item 23 (the clarity of bank charges). In private banks (items 18, 19 and 20) were rated by customers as least important items to their assessment of bank service quality. These represent the most serious differences and significant overestimations that will require significant attention by banks managers in terms of making improvement to their customer service.

Within the five service quality dimensions, a t-test carried out to determine if there are any significant differences between customers' expectations and the managers' perceptions of customers' expectations according to the five SERVQUAL dimensions. The results as shown in table 7.11 below indicate that managers and customers in public banks had no statistically significant differences between their overall total expectations. The 46 managers had a mean score of 6.20 as compared with the 251 customers with a mean score of 6.06 ($p > 0.05$). However, a closer look at the expectations for each of the five dimensions of service quality shows that the managers significantly overestimate the expectations of their customers for tangibles and assurance ($p < 0.05$). In private banks the results as shown in table 7.12 below indicate that managers and customers had statistically significant differences in the tangible and empathy dimensions in addition to significant difference in overall total expectations.

Table 7.11 Comparison of the service quality dimensions between managers' perceptions of consumer' expectations and actual customers' expectations in public banks

Dimensions	Managers mean	Customers mean	Gap	t-value	Sig
Tangibility	6.52	6.19	0.33	-2.722	0.007
Reliability	6.20	6.26	-0.06	.507	0.613
Responsiveness	6.06	6.03	0.03	-.250	0.803
Assurance	6.67	6.38	0.29	-2.480	0.014
Empathy	5.74	5.59	0.15	-.921	0.358
Overall	6.20	6.06	0.14	-1.281	0.201

Note. Constructed by researcher on the basis of field data gathered as part of this investigation

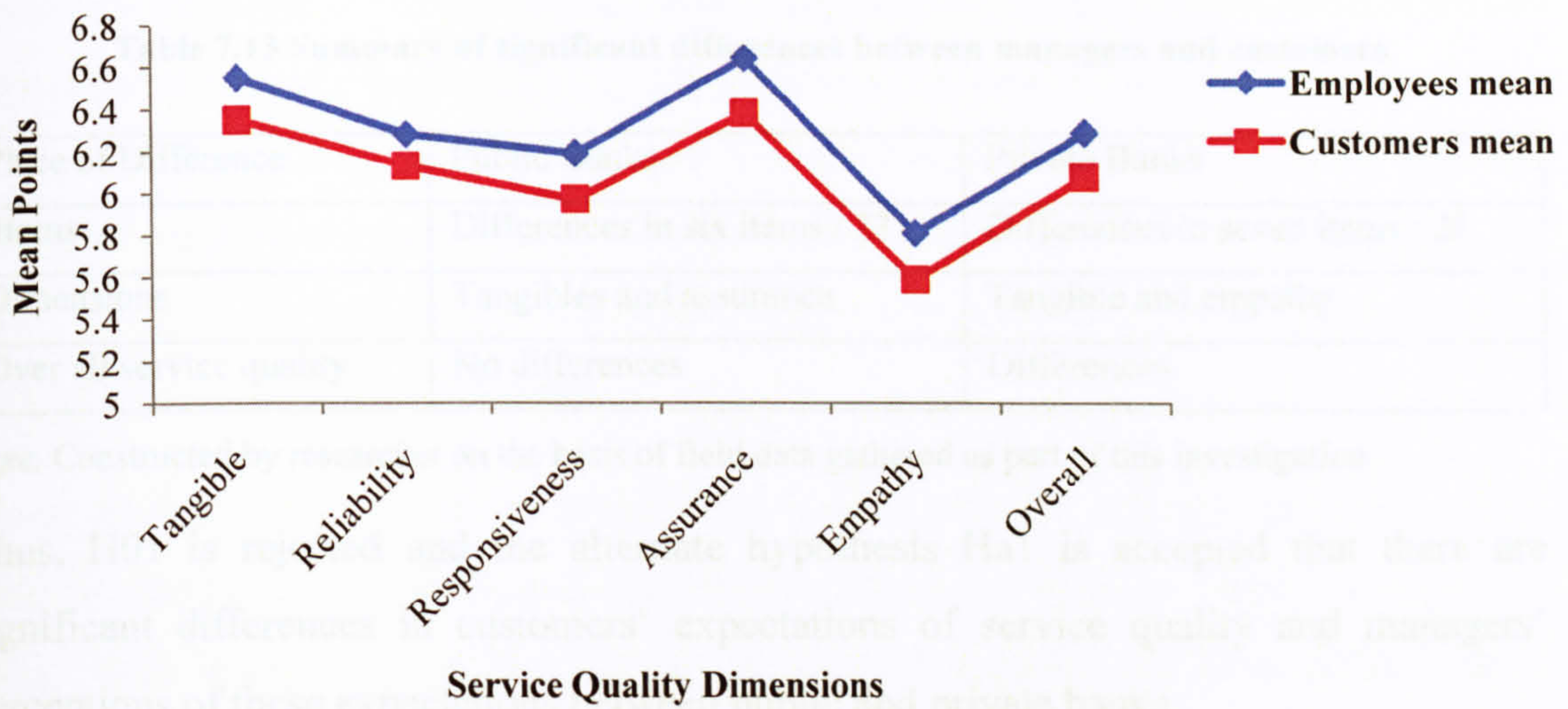
These differences between managers' perceptions of customers' expectations and actual customer's expectations in both public and private banks are confirmed by the comparison across SERVQUAL dimensions presented by the line plot in Figures 7.1 and 7.2 below. Figure 7.1 indicates very little difference between managers' perceptions and customers' expectations in reliability, responsiveness and empathy dimensions; hence management does seem to know what the customers expect in these three dimensions, while it does not in tangible and assurance dimensions

Table 7.12 Comparison of the service quality dimensions between managers' perceptions of consumers' expectations and actual customers' expectations in private banks

Dimensions	Managers mean	Customers mean	Gap	t	Sig
Tangibility	6.56	6.35	0.21	-2.177	0.030
Reliability	6.36	6.13	0.23	-1.781	0.076
Responsiveness	6.19	5.97	0.22	-1.487	0.138
Assurance	6.57	6.38	0.19	-1.587	0.114
Empathy	5.95	5.59	0.37	-2.349	0.020
Overall	6.33	6.08	0.25	-2.175	0.031

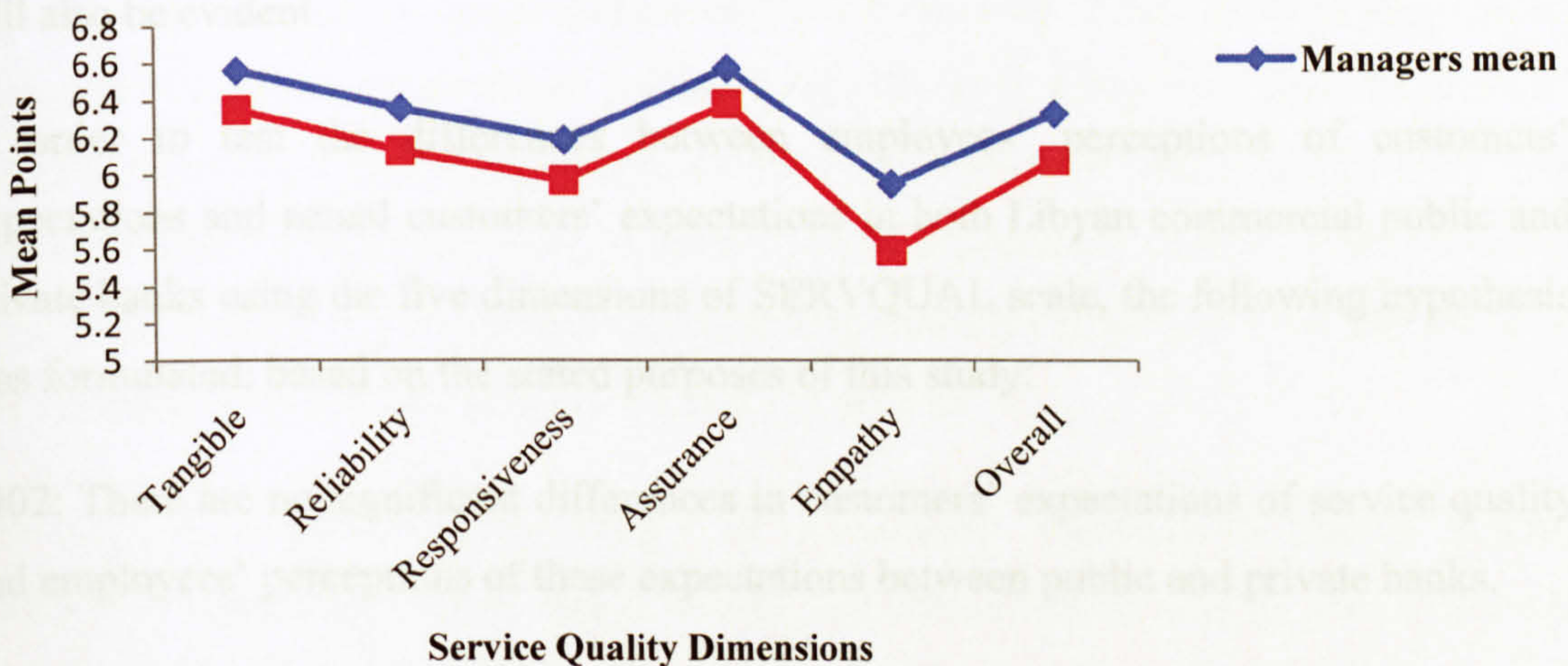
Note. Constructed by researcher on the basis of field data gathered as part of this investigation

Figure 7.1 Comparison of managers' perceptions of customers' expectations and actual customers' expectations in public banks according to the five service quality dimensions



Alternatively, Figure 7.2 shows that the management of the private banks do seem to understand what the customers expect in reliability, responsiveness and assurance dimensions but it does not in the remaining two these dimensions and overall in the five dimensions.

Figure 7.2 Comparison of managers' perceptions of customers' expectations and actual customers' expectations in private banks according to the five service quality dimensions



Finally, according to results in tables 7.9, 7.10, 7.11 and 7.12 and figures 7.1 and 7.2 there are significant differences between public and private banks with regard to customer expectations and management perceptions of these expectations not only in

the 23 items explored and the five dimensions of quality but also in the overall service quality. Summary of these differences summarised in table 7.13 below:

Table 7.13 Summary of significant differences between managers and customers

Place of Difference	Public Banks	Private Banks
Items	Differences in six items / 23	Differences in seven items / 23
Dimensions	Tangibles and assurance	Tangible and empathy
Over all service quality	No differences	Differences

Note. Constructed by researcher on the basis of field data gathered as part of this investigation

Thus, H01 is rejected and the alternate hypothesis Ha1 is accepted that there are significant differences in customers' expectations of service quality and managers' perceptions of these expectations between public and private banks.

7.5.2 Testing hypothesis 2 (Comparison employees' perceptions of customers' expectations against customers' expectations in public and private banks)

Examining the gap between employees' perceptions of customers' expectations against customers' expectations helps to identify whether management overestimates its service delivery in meeting their customers' expectations of service quality in their banks. When service provider gaps are present in a bank, it is likely that service quality gaps will also be evident.

In order to test the differences between employees' perceptions of customers' expectations and actual customers' expectations in both Libyan commercial public and private banks using the five dimensions of SERVQUAL scale, the following hypothesis was formulated, based on the stated purposes of this study:

H02: There are no significant differences in customers' expectations of service quality and employees' perceptions of these expectations between public and private banks.

Ha2: There are significant differences in customers' expectations of service quality and employees' perceptions of these expectations between public and private banks.

As shown in Tables 7.16 and 7.17 the mean of customers' expectations and employees' perceptions of customers' expectations scores along each of the 23 items was calculated for both customers and employees. The mean expectation score for the customers was

subtracted from the mean perception score for the employees. By using the independent t-test, significant differences ($p < 0.05$ level) the mean scores show the difference between customers' expectations and employees' perceptions of customers' expectations in both banks. Descriptive statistics analysis is used to investigate this service quality gap in both public and private banks. The results of this gap are measured on a seven-point Likert scale on which 1 represents "Strong disagreement" and 7 "Strong agreement" in which the higher the score the greater the employee perception of customer expectation.

These findings are shown in tables 7.16 and 7.17 and indicate that customers' expectations of service quality and employees' perceptions of these expectations in both banks have high scores in relation to bank's service quality. In these all the mean responses in both groups of employees of either the 23 items or the five dimensions of service quality in public and private banks were above 5.00 on the seven point scale.

These results are further confirmed by the employees' perceptions of customers' expectations frequencies as shown in tables 7.14 and 7.15 in both public and private banks respectively. Table 7.14 shows that more than half (58 out of 106) of public banks employees' responses show strong agreement. In other words, at the strongly agree end of the Likert scale, 54.4 percent of the public employees banks perceive the highest level of customer' expectations of service delivery. Whereas, high employees' perceptions of these expectations private banks show in table 7.15 their employees' perceptions of customers' expectations frequencies. This table indicates that about half (54 out of 106) of these responses are also strongly agreement; meaning that at this end of the Likert scale, 52 percent of the private employees banks perceive the highest level of customers' expectations of service quality provision.

The gap of employees' perceptions of consumers' expectations shown against customers' expectations in the public banks was interesting to note as shown in table 7.16 that in only two out of the twenty-three items (item 8: providing service at the time promised and item 22: suitability of working hours for customers) did employees score items lower than their customers. This does not show as a statistically significant difference. In the remainder of the 23 items (about 91 percent), employees scored items higher than customers. This means that employees believe that customers expect more than the customers themselves expect from their bank services. In fourteen of these 21

items, i.e. item 9 (bank records), item 11 (provide services promptly and quickly to customers), item 12 (willingness to help customers), item 18 (bank caring for customers), item 20 (bank employees' awareness of the customer needs) and item 23 (the clarity of bank charges for customers) in addition to all tangible and assurance items, the difference was statistically significant at the < 0.05 level.

By contrast, in two of the items of private banks i.e. the bank promises to customers and the suitability of bank working hours for customers, the employees believe that customers expect less than the customers themselves expect as the results show that the customers scored these items higher than employees but without showing any statistically significant difference (see table 7.17). In the rest of 23 items (21 items) employees' perceptions of customers' expectations were higher than actual customers' expectations, and in nine of these items, i.e. item 2 (The physical facilities of bank), item 3 (the appearance of bank employees), item 9 (bank records), item 12 (willingness to help customers), item 15 (customers' treatment by the bank), item 16 (employees' behaviour with customers), item 17 (knowledge and understanding of bank employees), item 19 (employees attention to customers) and item 20 (bank employees' awareness of the customer needs), the differences are statistically significant at < 0.05 level.

The greatest gaps in public banks are reflected in item 2 (the physical facilities of bank), item 4 (bank suitability appearance with the nature of service provided), item 12 (willingness to help customers), item 18 (bank caring for customers) and item 23 (the clarity of bank charges for customers). In contrast, the largest gaps in private banks reflected in item 2 (the physical facilities of bank), item 12 (willingness to help customers), item 15 (customers' treatment by the bank), item 19 (employees attention to customers) and item 20 (bank employees' awareness of the customer needs).

Table 7.14 Employees' perceptions of customers' expectations frequencies in public banks

Questions	Strongly Disagree							Strongly Agree						
	1	2	3	4	5	6	7	1	2	3	4	5	6	7
	%	%	%	%	%	%	%	%	%	%	%	%	%	%
1. Using up-to-date equipment	-	-	-	-	2	1.9	-	-	3	2.8	11	10.4	90	84.9
2. The physical facilities of the bank	-	-	-	-	-	-	-	-	6	5.7	24	22.6	76	71.7
3. The appearance of bank employees	-	-	-	-	-	-	-	-	-	-	25	23.6	81	76.4
4. Suitability of bank appearance with the nature of service provided	-	-	2	1.9	-	-	-	-	7	6.6	33	31.1	64	60.4
5. The banks' promises to customers	-	-	1	0.9	1	0.9	-	-	9	8.5	30	28.3	65	61.3
6. Bank sympathy with customers' problems	-	-	2	1.9	2	1.9	3	2.8	16	15.1	34	32.1	49	46.2
7. Providing proper service to the customer the first time	1	0.9	-	-	2	1.9	-	-	11	10.4	34	32.1	58	54.7
8. Providing service at the time promised	-	-	-	-	4	3.8	1	0.9	11	10.4	43	40.6	47	44.3
9. Bank records	-	-	-	-	-	-	-	-	2	1.9	23	21.7	81	76.4
10. Telling customer from the time of providing service	1	0.9	2	1.9	1	0.9	2	1.9	27	25.5	34	32.1	39	36.8
11. Provide services promptly and quickly to customers	-	-	-	-	-	-	1	0.9	10	9.4	40	37.7	55	51.9
12. Willingness to help customers	-	-	-	-	-	-	-	-	11	10.4	46	43.4	49	46.2
13. Responding to customers requests	1	0.9	-	-	2	1.9	1	0.9	18	17	43	40.6	41	38.7
14. The impact of employees' behaviour on customers	-	-	-	-	-	-	1	0.9	7	6.6	32	30.2	66	62.3
15. Customers' treatment by the bank	-	-	-	-	-	-	3	2.8	1	0.9	25	23.6	77	72.6
16. Employees' behaviour with customers	-	-	-	-	-	-	-	-	2	1.9	29	27.4	75	70.8
17. Knowledge and understanding of bank employees	-	-	-	-	-	-	-	-	4	3.8	30	28.3	72	67.9
18. Bank caring for customers	1	0.9	3	2.8	4	3.8	5	4.7	24	22.6	36	34.0	33	31.1
19. Employees attention to customers	2	1.9	9	8.5	5	4.7	10	9.4	29	27.4	24	22.6	27	25.5
20. Bank employees' awareness of the customer needs	-	-	1	0.9	3	2.8	6	5.7	20	18.9	35	33.0	41	38.7
21. Bank attention to the interest of customers	1	0.9	1	0.9	4	3.8	5	4.7	10	9.4	35	33.0	50	47.2
22. Suitability of opening hours for customers	2	1.9	1	0.9	4	3.8	5	4.7	20	18.9	40	37.7	34	32.1
23. The clarity of bank charges for customers	-	-	-	-	1	0.9	-	-	12	11.3	31	29.2	62	58.8
Averages	1	0.4	1	1	2	1.4	2	2	11	10.7	32	30	58	54.5
<ul style="list-style-type: none"> • 1 Strongly disagree is lower employees' perceptions of customers' expectations • 7 Strongly agree is higher employees' perceptions of customers' expectations 														

Note. Constructed by researcher on the basis of field data gathered as part of this investigation

Table 7.15 Employees' perceptions of customers' expectations frequencies in private banks

Questions	Strongly Disagree							Strongly Agree						
	1	2	3	4	5	6	7	1	2	3	4	5	6	7
	%	%	%	%	%	%	%	%	%	%	%	%	%	%
1. Using up-to-date equipment	-	-	1	1.0	-	-	-	-	3	2.9	21	20.2	79	76.0
2. The physical facilities of the bank	-	-	-	-	1	1.0	-	-	3	2.9	42	40.4	58	55.8
3. The appearance of bank employees	-	-	-	-	-	-	-	-	4	3.8	25	24.0	75	72.1
4. Suitability of the appearance with the nature of service provided	-	-	-	-	1	1.0	3	2.9	10	9.6	38	36.5	52	50.0
5. The banks' promises to customers	-	-	3	2.9	-	-	2	1.9	14	13.5	29	27.9	56	53.8
6. Bank sympathy with customers' problems	-	-	2	1.9	1	1.0	3	2.9	23	22.1	35	33.7	40	38.5
7. Providing proper service to the customer the first time	-	-	1	1.0	3	2.9	1	1.0	11	10.6	37	35.6	51	49.0
8. Providing service at the time promised	-	-	2	1.9	-	-	3	2.9	13	12.5	36	34.6	50	48.1
9. Bank records	-	-	-	-	1	1.0	1	1.0	3	2.9	20	19.2	79	76.0
10. Telling customer from the time of providing service	-	-	1	1.0	5	4.8	4	3.8	13	12.5	35	33.7	46	44.2
11. Provide services promptly and quickly to customers	-	-	-	-	-	-	2	1.9	18	17.3	38	36.5	46	44.2
12. Willingness to help customers	-	-	-	-	-	-	-	-	10	9.6	34	32.7	60	57.7
13. Responding to customers requests	1	1.0	3	2.9	1	1.0	7	6.7	12	11.5	35	33.7	45	43.3
14. The impact of employees' behaviour on customers	-	-	-	-	-	-	3	2.9	4	3.8	37	35.6	60	57.7
15. Customers' treatment by the bank	-	-	-	-	-	-	1	1.0	1	1.0	19	18.3	83	79.8
16. Employees' behaviour with customers	-	-	-	-	-	-	1	1.0	2	1.9	32	30.8	69	66.3
17. Knowledge and understanding of bank employees	-	-	-	-	-	-	1	1.0	5	4.8	18	17.3	80	76.9
18. Bank caring for customers	-	-	1	1.0	5	4.8	13	12.5	26	25.0	30	28.8	29	27.9
19. Employees attention to customers	-	-	5	4.8	5	4.8	16	15.4	27	26.0	30	28.8	21	20.2
20. Bank employees' awareness of the customer needs	-	-	1	1.0	2	1.9	7	6.7	14	13.5	43	41.3	37	35.6
21. Bank attention to the interest of customers	1	1.0	-	-	2	1.9	5	4.8	20	19.2	37	35.6	39	37.5
22. Suitability of opening hours for customers	1	1.0	6	5.8	4	3.8	5	4.8	14	13.5	42	40.4	32	30.8
23. The clarity of bank charges for customers	-	-	1	1.0	-	-	1	1.0	14	13.5	33	31.7	55	52.9
Averages	1	0.13	2	1.14	2	1.3	3	3.3	11	11	32	31.2	54	52
<ul style="list-style-type: none"> • 1 Strongly disagree is lower employees' perceptions of customers' expectations • 7 Strongly agree is higher employees' perceptions of customers' expectations 														

Note. Constructed by researcher on the basis of field data gathered as part of this investigation

Table 7.16 Gap between employees' perceptions of customers' expectations and actual customers' expectations in public banks

Items	Employee	Customer	Gap	t	df	Sig
1. Using up-to-date equipment	6.76	6.54	0.22	-2.68	355	0.008
2. The physical facilities of the bank	6.66	6.05	0.61	-5.10	355	0.000
3. The appearance of bank employees	6.76	6.34	0.42	-4.97	355	0.000
4. Suitability of bank appearance with the nature of service provided	6.46	5.83	0.63	-4.96	355	0.000
5. The banks' promises to customers	6.46	6.34	0.12	-1.06	355	0.287
6. Bank sympathy with customers' problems	6.12	6.03	0.09	-0.60	355	0.497
7. Providing proper service to the customer the first time	6.34	6.20	0.14	-1.11	355	0.267
8. Providing service at the time promised	6.21	6.24	-0.03	0.27	355	0.788
9. Bank records	6.75	6.49	0.26	-2.92	355	0.004
10. Telling customer from the time of providing service	5.92	5.84	0.08	-0.63	355	0.529
11. Provide services promptly and quickly to customers	6.41	6.14	0.27	-2.43	355	0.015
12. Willingness to help customers	6.36	6.13	0.49	-2.04	355	0.041
13. Responding to customers requests	6.09	6.00	0.09	-0.78	355	0.436
14. The impact of employees' behaviour on customers	6.54	6.33	0.21	-2.03	355	0.043
15. Customers' treatment by the bank	6.66	6.41	0.25	-2.40	355	0.017
16. Employees' behaviour with customers	6.69	6.43	0.26	-2.84	355	0.005
17. Knowledge and understanding of bank employees	6.64	6.37	0.27	-3.06	355	0.002
18. Bank caring for customers	5.72	5.21	0.51	-3.12	355	0.002
19. Employees attention to customers	5.22	5.09	0.13	-0.68	355	0.492
20. Bank employees' awareness of the customer needs	5.96	5.60	0.36	-2.56	355	0.011
21. Bank attention to the interest of customers	6.08	5.88	0.20	-1.36	355	0.174
22. Suitability of opening hours for customers	5.79	5.88	-0.09	0.63	355	0.529
23. The clarity of bank charges for customers	6.44	5.89	0.55	-3.78	355	0.000
Notes:						
<ul style="list-style-type: none"> • t is the t score; • df is degrees of freedom; • Sig is the level of significance (5%); • a negative gap indicates that managers underestimated customers' expectations; a positive gap indicates that managers overestimated customers' expectations 						

Note. Constructed by researcher on the basis of field data gathered as part of this investigation

Table 7.17 Gap between employees' perceptions of customers' expectations and actual customers' expectations in private banks

Items	Employee	Customer	Gap	t	df	Sig.
1. Using up-to-date equipment	6.68	6.61	0.07	-0.87	300	.384
2. The physical facilities of the bank	6.50	6.16	0.34	-3.15	300	.002
3. The appearance of bank employees	6.68	6.48	0.20	-2.67	300	.008
4. Suitability of bank appearance with the nature of service provided	6.32	6.14	0.18	-1.62	300	.104
5. The banks' promises to customers	6.25	6.29	-0.04	0.29	300	.765
6. Bank sympathy with customers' problems	6.00	5.79	0.21	-1.47	300	.141
7. Providing proper service to the customer the first time	6.24	6.08	0.16	-1.19	300	.235
8. Providing service at the time promised	6.22	6.03	0.19	-1.17	300	.241
9. Bank records	6.68	6.45	0.23	-2.40	300	.017
10. Telling customer from the time of providing service	6.06	5.83	0.23	-1.60	300	.110
11. Provide services promptly and quickly to customers	6.23	6.09	0.14	-1.08	300	.277
12. Willingness to help customers	6.48	6.04	0.44	-3.37	300	.001
13. Responding to customers requests	5.99	5.91	0.08	-0.55	300	.577
14. The impact of employees' behaviour on customers	6.48	6.28	0.20	-1.79	300	.074
15. Customers' treatment by the bank	6.77	6.44	0.33	-3.54	300	.000
16. Employees' behaviour with customers	6.63	6.39	0.24	-2.18	300	.030
17. Knowledge and understanding of bank employees	6.70	6.42	0.28	-2.98	300	.003
18. Bank caring for customers	5.60	5.32	0.28	-1.56	300	.118
19. Employees attention to customers	5.30	4.83	0.47	-2.35	300	.019
20. Bank employees' awareness of the customer needs	5.99	5.55	0.44	-2.91	300	.004
21. Bank attention to the interest of customers	5.98	5.76	0.22	-1.50	300	.134
22. Suitability of opening hours for customers	5.68	5.82	-0.14	0.89	300	.373
23. The clarity of bank charges for customers	6.33	6.25	0.08	-0.67	300	.500
Notes: <ul style="list-style-type: none"> • t is the t score; • df is degrees of freedom; • Sig is the level of significance (5%); • a negative gap indicates that managers underestimated customers' expectations; a positive gap indicates that managers overestimated customers' expectations 						

Note. Constructed by researcher on the basis of field data gathered as part of this investigation

It is noteworthy that in private banks, item 15, (the customers' treatment by the bank) is a high expectation of their customers. On the other hand, item 23 in public and three other items in private banks (items 19 and 20) are rated by customers as least important items to their assessment of bank service quality. These represent the most serious differences and significant overestimations that will require significant attention by banks managers in terms of making improvement efforts.

With regard to the five service quality dimensions, t-test results are shown in tables 7.18 and 7.19 and indicate that there are significant differences between customers' expectations and the employees' perceptions of customers' expectations in three of the five SERVQUAL dimensions in the public banks and in two of these dimensions in the private banks. These results show that employees in public banks overestimated the expectations of customers for tangibility, assurance and empathy ($p < 0.05$). Additionally in private banks the employees overestimate their customers' expectations for tangibility and responsiveness ($p < 0.05$). Significant differences between customers' expectations and employees' perceptions of customers' expectations is indicated in the overall service quality of both public and private banks ($p= 0.000$ in public banks and 0.025 in private banks)

Table 7.18 Comparison of the service quality dimensions between employees' perceptions of consumers' expectations and actual customers' expectations in public banks

Dimensions	Employees mean	Customers mean	Gap	t-value	Sig
Tangibles	6.66	6.19	0.47	-5.864	0.000
Reliability	6.38	6.26	0.12	-1.334	0.183
Responsiveness	6.20	6.03	0.17	-1.839	0.067
Assurance	6.63	6.38	0.25	-3.129	0.002
Empathy	5.87	5.59	0.28	-2.382	0.018
Overall	6.35	6.06	0.29	-3.920	0.000

Note. Constructed by researcher on the basis of field data gathered as part of this investigation

Table 7.19 Comparison of the service quality dimensions between employees' perceptions of consumers' expectations and actual costumers' expectations in private banks

Dimensions	Employees mean	Customers mean	Gap	t-value	Sig.
Tangible	6.55	6.35	0.20	-2.816	0.005
Reliability	6.28	6.13	0.15	-1.513	0.131
Responsiveness	6.19	5.97	0.22	-1.974	0.049
Assurance	6.64	6.38	0.26	-1.901	0.058
Empathy	5.81	5.59	0.22	-1.901	0.058
Overall	6.29	6.08	0.21	-2.255	0.025

Note. Constructed by researcher on the basis of field data gathered as part of this investigation

Differences between employees' and customers' perceptions in both bank types are illustrated by the comparison across the five SERVQUAL dimensions presented by the line plot in Figures 7.3 and 7.4 in which the first figure indicates differences in tangibility, assurance and overall service quality. Employees seem unaware of customer expectations especially in the tangibles and assurance dimensions. Additionally, figure 7.4 shows notable differences in tangibility, responsiveness and so, overall, the service quality. The employees thus, do not appear to have a good understanding of what their customers expect especially with the tangibles dimension.

Figure 7.3 Comparison of employees' perceptions of customers' expectations and actual customers' expectations in public banks according to the five service quality dimensions

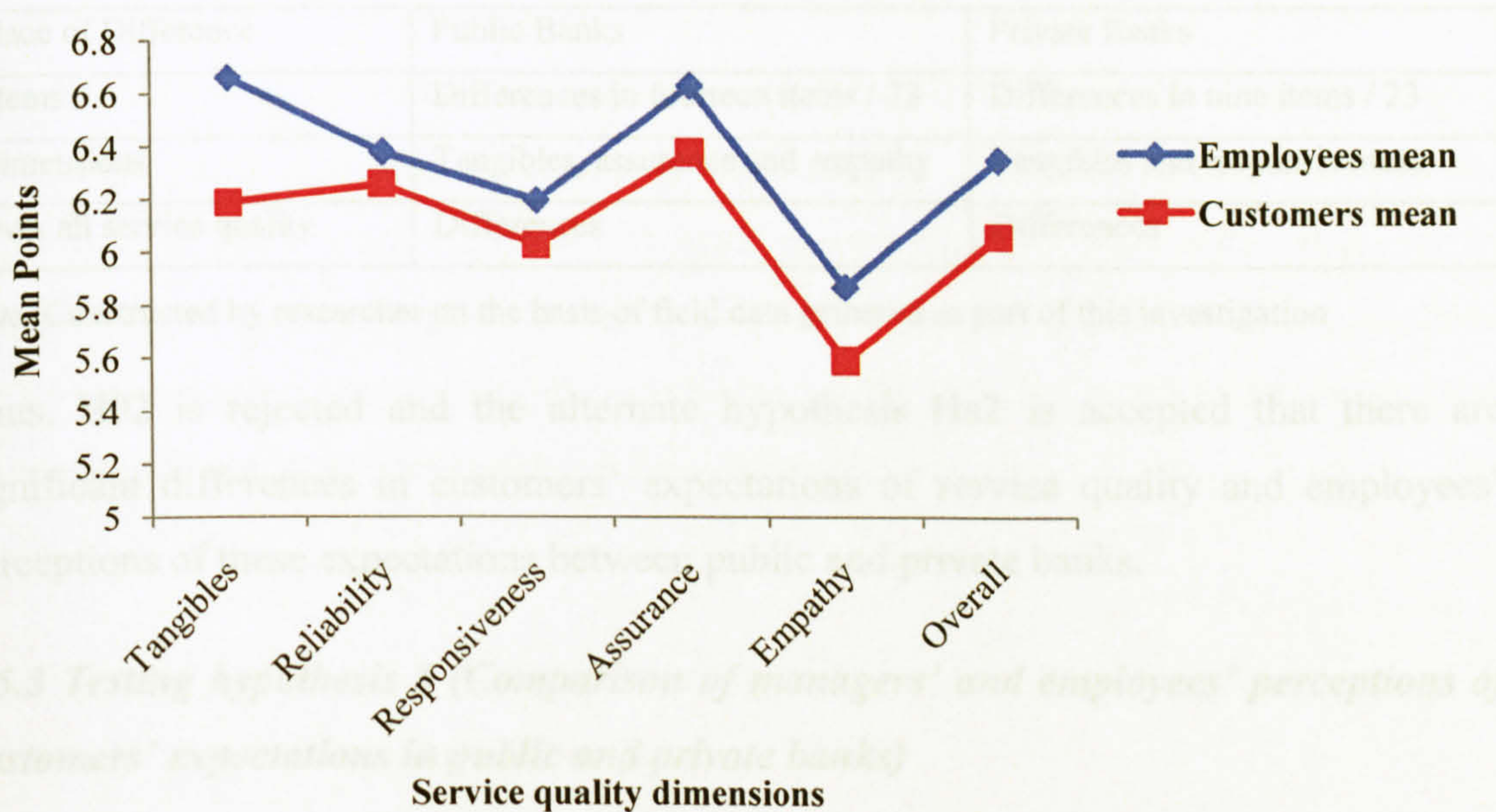
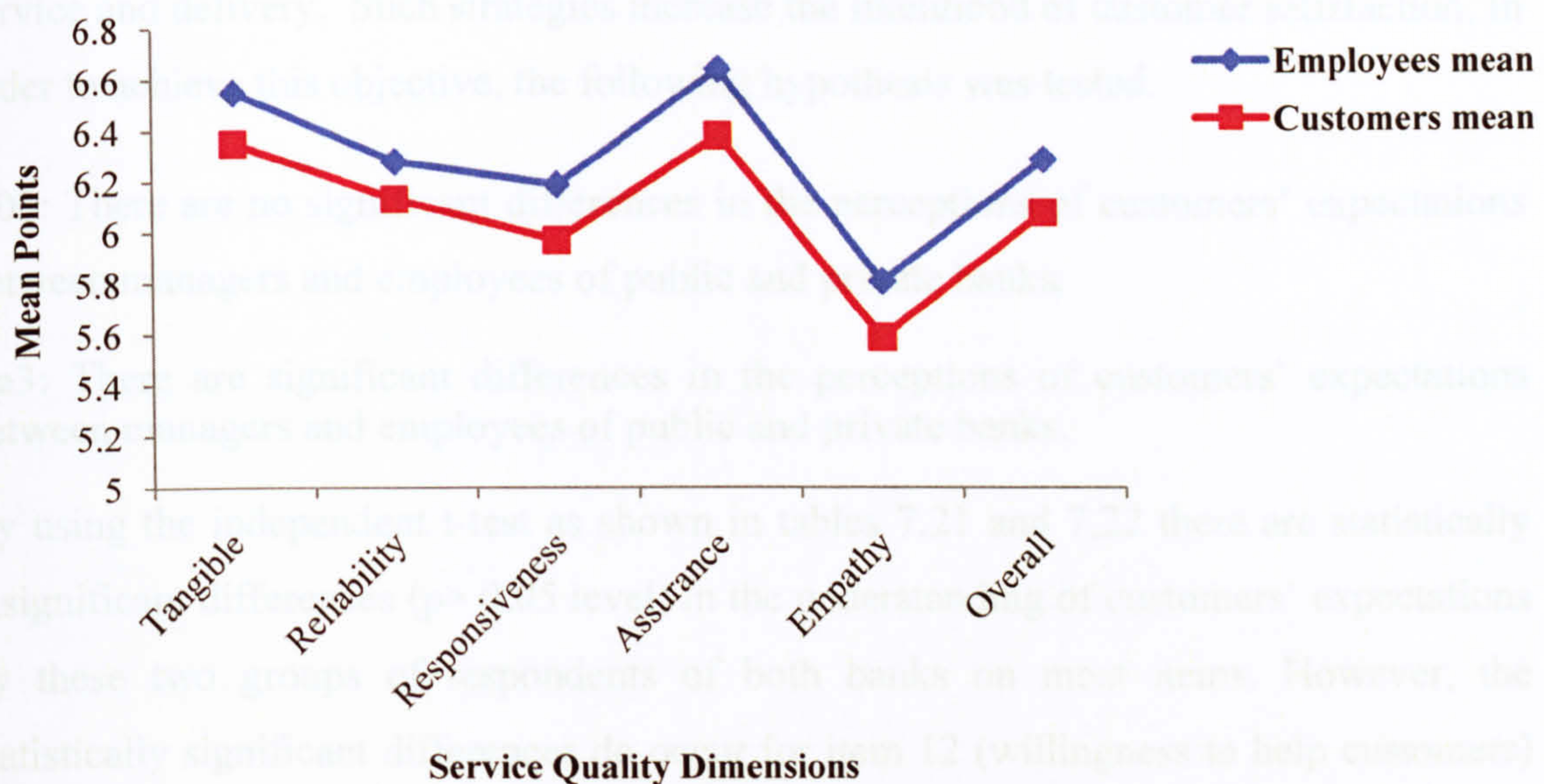


Figure 7.4 Comparison of employees' perceptions of customers' expectations and actual customers' expectations in private banks according to the five service quality dimensions



Finally, as previously shown in tables 7.16, 7.17, 7.18 and 7.19 and figures 7.3 and 7.4 there are significant differences between public and private banks with regard to customers' expectations and employees' perceptions of these expectations in 23 items and the five service quality dimensions. Summary of these differences are summarised in table 7.20 below.

Table 7.20 Summary of significant differences between employees and customers

Place of Difference	Public Banks	Private Banks
Items	Differences in fourteen items / 23	Differences in nine items / 23
Dimensions	Tangibles, assurance and empathy	Tangibles and responsiveness
Over all service quality	Differences	Differences

Note. Constructed by researcher on the basis of field data gathered as part of this investigation

Thus, H02 is rejected and the alternate hypothesis Ha2 is accepted that there are significant differences in customers' expectations of service quality and employees' perceptions of these expectations between public and private banks.

7.5.3 Testing hypothesis 3 (Comparison of managers' and employees' perceptions of customers' expectations in public and private banks)

This gap analysis compares the perceptions of customers' expectations by banks employees and managers in order to identify the differences between these groups of

both banks. An understanding of the areas of discrepancy may be useful in providing explanations for substandard service and give insights for the modification of the banks service and delivery. Such strategies increase the likelihood of customer satisfaction. In order to achieve this objective, the following hypothesis was tested.

H03: There are no significant differences in the perceptions of customers' expectations between managers and employees of public and private banks.

Ha3: There are significant differences in the perceptions of customers' expectations between managers and employees of public and private banks.

By using the independent t-test as shown in tables 7.21 and 7.22 there are statistically insignificant differences ($p > 0.05$ level) in the understanding of customers' expectations by these two groups of respondents of both banks on most items. However, the statistically significant differences do occur for item 12 (willingness to help customers) in both public and private banks and for public banks only as well as item 4 (bank suitability appearance with the nature of service provided). In both types of bank the employees' perceptions of customers' expectations in these items appeared greater than the managers' perceptions.

Irrespective of the differences in the perceptions of customers' expectations between management and employees, it was interesting to find that there were certain similarities with regard to the hierarchical order of some items in terms of their relative importance to the evaluation of perceived service quality by these two groups of respondents in both public and private banks. In addition to item 17 (knowledge and understanding of bank employees) in private employees group, using up-to-date equipment (item 1), the appearance of bank employees (item 3), bank records (item 9), customers' treatment by the bank (item 15) and employees' behaviour with customers (item 16) were considered by these groups of respondents in both banks as the top five services attributes most important to customers' perceptions of service quality.

Table 7.21 Gap between managers' and employees' perceptions of customers' expectations in public banks

Items	Manager	Employee	Gap	t	df	Sig
1. Using up-to-date equipment	6.72	6.76	-0.04	.366	150	.715
2. The physical facilities of the bank	6.59	6.66	-0.07	.714	150	.477
3. The appearance of bank employees	6.72	6.76	-0.04	.537	150	.592
4. Suitability of bank appearance with the nature of service provided	6.07	6.46	-0.39	2.28	150	.024
5. The banks' promises to customers	6.24	6.46	-0.22	1.37	150	.171
6. Bank sympathy with customers' problems	5.85	6.12	-0.27	1.35	150	.179
7. Providing proper service to the customer the first time	6.30	6.34	-0.04	.215	150	.830
8. Providing service at the time promised	5.96	6.21	-0.25	1.37	150	.170
9. Bank records	6.65	6.75	-0.10	1.06	150	.287
10. Telling customer from the time of providing service	5.80	5.92	-0.12	.569	150	.570
11. Provide services promptly and quickly to customers	6.30	6.41	-0.11	.728	150	.468
12. Willingness to help customers	5.96	6.36	-0.40	2.73	150	.007
13. Responding to customers requests	6.17	6.09	0.08	-.442	150	.659
14. The impact of employees' behaviour on customers	6.65	6.54	0.11	-1.03	150	.302
15. Customers' treatment by the bank	6.74	6.66	0.08	-.753	150	.453
16. Employees' behaviour with customers	6.70	6.69	0.01	-.080	150	.936
17. Knowledge and understanding of bank employees	6.61	6.64	0.03	.331	150	.741
18. Bank caring for customers	5.37	5.72	-0.35	1.48	150	.140
19. Employees attention to customers	5.04	5.22	-0.18	.642	150	.522
20. Bank employees' awareness of the customer needs	5.78	5.96	-0.18	.891	150	.374
21. Bank attention to the interest of customers	6.07	6.08	-0.01	.098	150	.922
22. Suitability of opening hours for customers	5.78	5.79	-0.01	.045	150	.964
23. The clarity of bank charges for customers	6.41	6.44	-0.03	.211	150	.833

Notes:

- t is the t score;
- df is degrees of freedom;
- Sig is the level of significance (5%);
- a negative gap indicates that managers understanding of customers' expectations is more than employees understanding of same expectations. While a positive gap shows that employees understanding of customers' expectations is more than managers understanding of these expectations

Note. Constructed by researcher on the basis of field data gathered as part of this investigation

Table 7.22 Gap between managers' and employees' perceptions of customers' expectations in private banks

Items	Manager	Employee	Gap	t	df	Sig
1. Using up-to-date equipment	6.56	6.68	-.12	.844	156	.400
2. The physical facilities of the bank	6.52	6.50	.02	-.133	156	.894
3. The appearance of bank employees	6.70	6.68	.02	-.236	156	.813
4. Suitability of bank appearance with the nature of service provided	6.46	6.32	.14	-1.144	156	.255
5. The banks' promises to customers	6.33	6.25	.08	-.461	156	.646
6. Bank sympathy with customers' problems	6.15	6.00	.15	-.892	156	.374
7. Providing proper service to the customer the first time	6.37	6.24	.13	-.802	156	.424
8. Providing service at the time promised	6.26	6.22	.04	-.231	156	.817
9. Bank records	6.67	6.68	-.01	.151	156	.880
10. Telling customer from the time of providing service	6.07	6.06	.01	-.088	156	.930
11. Provide services promptly and quickly to customers	6.37	6.23	.14	-.953	156	.342
12. Willingness to help customers	6.19	6.48	-.29	2.20	156	.029
13. Responding to customers requests	6.15	5.99	.16	-.752	156	.453
14. The impact of employees' behaviour on customers	6.50	6.48	.02	-.131	156	.896
15. Customers' treatment by the bank	6.67	6.77	-.10	.999	156	.319
16. Employees' behaviour with customers	6.63	6.63	0	-.042	156	.966
17. Knowledge and understanding of bank employees	6.50	6.70	-.20	1.73	156	.085
18. Bank caring for customers	5.80	5.60	.20	-1.06	156	.291
19. Employees attention to customers	5.61	5.30	.31	-1.46	156	.144
20. Bank employees' awareness of the customer needs	6.02	5.99	.03	-.167	156	.868
21. Bank attention to the interest of customers	6.04	5.98	.06	-.312	156	.755
22. Suitability of opening hours for customers	5.72	5.68	.04	-.170	156	.865
The clarity of bank charges for customers	6.50	6.33	.17	-1.18	156	.238

Notes:

- t is the t score;
- df is degrees of freedom;
- Sig is the level of significance (5%);
- a negative gap indicates that managers understanding of customers' expectations is more than employees understanding of same expectations. While a positive gap shows that employees understanding of customers' expectations is more than managers understanding of these expectations

Note. Constructed by researcher on the basis of field data gathered as part of this investigation

Employees attributes are perceived as being of the least importance to customer perception of both employees and managers, the employees of both bank types think that these items included the bank caring for customers (item 18), their employees' attention to customers (item 19), the bank employees' awareness of their customers' needs (item 20) and suitability of bank working hours for customers (item 22). The management of both bank types agree with employees in all these three items and, additionally, bank employees' awareness of the customer needs in the managers of public banks (item 20) are regarded as being amongst the least important service attributes.

Table 7.23 Comparison of the service quality dimensions between managers' and employees' perceptions of consumers' expectations in public banks

Dimensions	Managers	Employees	Gap	t	Sig
Tangible	6.52	6.66	-0.14	1.723	.087
Reliability	6.20	6.38	-0.18	1.523	.130
Responsiveness	6.06	6.20	-0.14	1.096	.275
Assurance	6.67	6.63	0.04	-.586	.559
Empathy	5.74	5.87	-0.13	.799	.426
Overall	6.24	6.35	-0.15	1.203	.231

Note. Constructed by researcher on the basis of field data gathered as part of this investigation

The results according to the five SERVQUAL dimensions and the overall service quality as shown in tables 7.23 and 7.24 indicate that there are no statistically significant differences ($p > 0.05$) between managers and employees with regard to managers' and employees' perceptions of customers' expectations in both public and private banks.

Table 7.24 Comparison of the service quality dimensions between managers' and employees' perceptions of consumers' expectations in private banks

Dimensions	Managers	Employees	Gap	t	Sig
Tangible	6.56	6.55	0.01	-.163	.871
Reliability	6.36	6.28	0.08	-.689	.492
Responsiveness	6.19	6.19	0	-.035	.972
Assurance	6.57	6.64	-0.07	.735	.464
Empathy	5.95	5.81	0.14	-1.006	.316
Overall	6.33	6.29	0.04	-.364	.716

Note. Constructed by researcher on the basis of field data gathered as part of this investigation

Finally, although as the results tables 7.21, 7.22, 7.23 and 7.24 show there are significant differences between employees' and managers' perceptions of customers' expectations in item (12) for both banks and item (4) for public banks only. However, there are no significant differences between these groups with regard to overall service quality and the five service quality dimensions. A summary of the significant differences for both banks is summarised in table 7.25 below.

Thus, H03 is accepted and the alternate hypothesis Ha3 is rejected that there are no significant differences between employees' and managers' perceptions of customers' expectations in both public and private banks

Table 7.25 Summary of significant differences between managers and employees in both banks

Place of Difference	Public Banks	Private Banks
Items	Differences in two items / 23	Differences in one item / 23
Dimensions	No significant differences	No significant differences
Over all service quality	No significant differences	No significant differences

Note. Constructed by researcher on the basis of field data gathered as part of this investigation

7.6 Relative importance of SERVQUAL dimensions from employees' and managers' perspectives

The same method of measuring the relative importance of SERVQUAL dimensions from customers' standpoint in the last chapter (section 6.4.3) is used. Results can be used to provide an overall understanding of the relative importance of each of five service quality dimensions from the provider service (employees and managers

responses). This relative importance is again determined by using a ratio scale of zero through 100 points across the five dimensions, according to how important they perceived each dimension to be, as implemented in the original SERVQUAL research (see appendix employees and managers questionnaires).

In order to test the differences between the relative importance of SERVQUAL dimensions from employees and managers perspective, the following hypotheses were formulated based on the stated purposes of this study:

H04. There is no difference in the ranked order of the five dimensions of service quality dimensions for employees of Libyan commercial public and private banks.

Ha4. There is a difference in the ranked order of the five dimensions of service quality dimensions for employees of Libyan commercial public and private banks.

H05. There is no difference in the ranked order of the five dimensions of service quality dimensions for managers of Libyan commercial public and private banks.

Ha5. There is a difference in the ranked order of the five dimensions of service quality dimensions for managers of Libyan commercial public and private banks.

7.6.1 Testing hypothesis 4 (relative importance from employees' perspective)

As stated in the previous chapter there are great similarities in respect to the relative importance of the SERVQUAL dimensions from the viewpoint of customers. This result also revealed that the percentage allocated by the employees of both bank types was very similar. Therefore, employees of both banks find it difficult to identify the relative importance of the service quality dimensions as the weighted figure appeared to be almost identical. Likewise, for the findings of customers, these results as shown in table 7.26 reveal that the employees of public banks (26.27 percent) and private banks (23.40 percent) believe that reliability is the most important dimension of bank service quality and empathy is least important dimension (13.95 percent) and (16.05 percent) for public and private banks respectively. The second important dimension is tangibility (21.16 percent for public banks and 20.60 percent for private banks) followed by responsiveness (19.58 percent for public banks and 19.82 percent for private banks) and assurance (19.04 percent and 20.14 percent for public and private banks respectively).

Table 7.26 Importance of SERVQUAL dimensions by employees of public and private banks

Dimensions	Percentage %		Weight		Rank of dimensions*	
	Public	Private	Public	Private	Public	Private
Tangibility	21	21	0.21	0.21	2	2
Reliability	26	23	0.26	0.23	1	1
Responsiveness	20	20	0.20	0.20	3	3
Assurance	19	20	0.19	0.20	4	4
Empathy	14	16	0.14	0.16	5	5
Total	100	100	%100	%100		
*1 indicates “most important” and 5 indicates “least important”						

Note. Constructed by researcher on the basis of field data gathered as part of this investigation

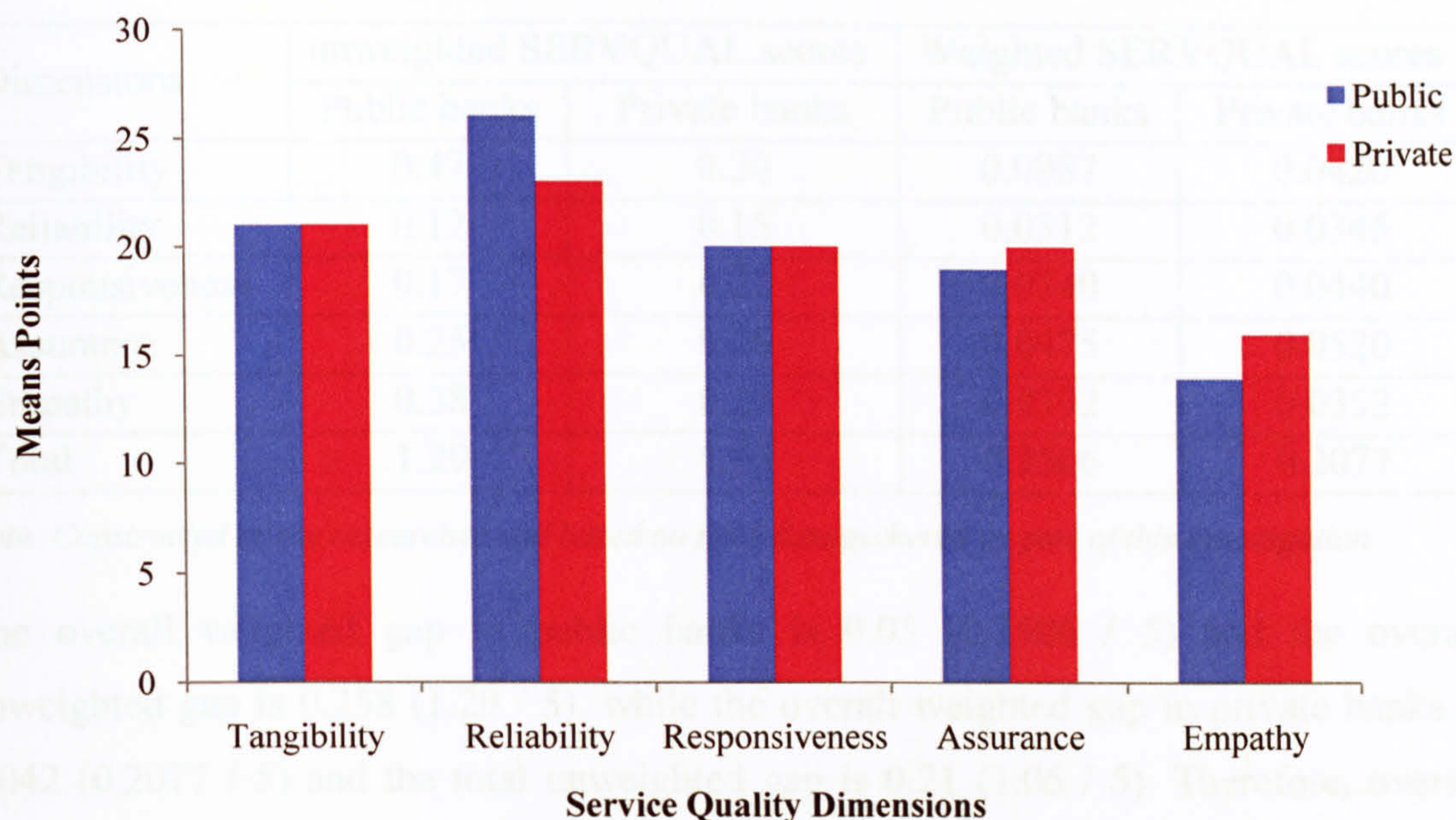
This similarity in the relative importance of SERVQUAL dimensions from the employees’ perspective is supported by table 7.27 in which is shown the relative importance of both employees groups according to the number of respondents, for instance, 26 percent of responding employees in the public banks (28 out of 106 employees) indicate reliability to be the most important service quality dimension, 21 percent (22 employees) indicated tangibility as the second most important and 14 percent (15 employees) indicated empathy as being the least important dimension. While, 23 percent of responding employees in the private banks (24 out of 104 employee) indicate reliability to be the most important service quality dimension, 21 percent (21 employees) indicated tangibility as the second most important and 16 percent (17 employees) indicated empathy as the least important dimensions.

Table 7.27 Importance of SERVQUAL dimensions according to number of employees

Dimensions	Number of employees		Rank of dimensions*	
	Public	Private	Public	Private
Tangibility	22	21	2	2
Reliability	28	24	1	1
Responsiveness	21	21	3	3
Assurance	20	21	4	4
Empathy	15	17	5	5
Total	106	104		
*1 indicates “most important” and 5 indicates “least important”				

Note. Constructed by researcher on the basis of field data gathered as part of this investigation

Figure 7.5 Comparison of priority on service quality dimensions between public and private employees



These findings are also demonstrated through figure 7.5 which converge the rank of the five dimensions between the two bank groups especially in the tangibility, responsiveness and assurance dimensions.

There are clearly differences between the weighted and unweighted gap scores of the SERVQUAL dimensions from the employees' viewpoint in both public and private banks. From table 7.28, the public banks tangibility dimension had the biggest weighted (0.0987) and unweighted (0.47) gap score. The second biggest weighed gap score is in their assurance dimension (0.0475). Their empathy dimension is the second biggest unweighted (0.28) gap score. The dimensions showing the least gaps are responsiveness (0.0340 unweighted and 0.17 weighted gap score) and reliability (0.0312 unweighted and 0.12 weighted gap score). In private banks the assurance dimension has the biggest weighted (0.0520) and unweighted (0.26) gap score. The responsiveness dimension has the second biggest weighted (0.0440) and unweighted (0.22) gap score. The least weighted (0.0345) and unweighted (0.15) gap score is for the reliability dimension.

Table 7.28 Comparison of weighted and unweighted employees' gap scores among the five SERVQUAL dimensions in the public and private banks

Dimensions	unweighted SERVQUAL scores		Weighted SERVQUAL scores	
	Public banks	Private banks	Public banks	Private banks
Tangibility	0.47	0.20	0.0987	0.0420
Reliability	0.12	0.15	0.0312	0.0345
Responsiveness	0.17	0.22	0.0340	0.0440
Assurance	0.25	0.26	0.0475	0.0520
Empathy	0.28	0.22	0.0392	0.0352
Total	1.29	1.05	0.2506	0.2077

Note: Constructed by the researcher and based on field data gathered as part of this investigation

The overall weighted gap in public banks is 0.05 ($0.2506 / 5$) and the overall unweighted gap is 0.258 ($1.29 / 5$), while the overall weighted gap in private banks is 0.042 ($0.2077 / 5$) and the total unweighted gap is 0.21 ($1.05 / 5$). Therefore, overall services quality whether as weighted or unweighted gaps for either of the bank types do not seem noteworthy.

As results of these differences between employees' standpoints regarding the relative importance of SERVQUAL dimensions, H04 is rejected. There is a difference in the ranked order of the five dimensions of service quality dimensions for employees of Libyan commercial public and private banks.

7.6.2 Testing hypothesis 5 (relative importance from managers' perspectives)

Unlike customers' and employees' beliefs regarding relative importance of SERVQUAL dimensions, the managers' perspective of this importance is shown to differ between public and private banks. This results in differences in their ranking of the five dimensions from customers' and employees' perspective. As shown in the results of descriptive statistics, tables 7.29 and 7.30 although there is similarity in terms of the weight managers assign in both banks, there are differences between them in the order of priority. Thus, this results in an inability of management to correctly identify their customers' expectations. Therefore, the management's perception is shown as inadequate. As a result of this, dissatisfaction exists in their customers.

Table 7.29 Importance of SERVQUAL dimensions by managers of public and private banks

Dimensions	Percentage %		Weight		Rank of dimensions*	
	Public	Private	Public	Private	Public	Private
Tangibility	24	22	24	22	1	2
Reliability	24	25	24	24	2	1
Responsiveness	20	20	20	20	4	3
Assurance	20	20	20	20	3	4
Empathy	12	14	12	14	5	5
Total	100	100	%100	%100		
*1 indicates “most important” and 5 indicates “least important”						

Note: Constructed by the researcher and based on field data gathered as part of this investigation

The results in table 7.29 reveal that managers of public banks consider the tangibility as the most important dimension followed by reliability, assurance, responsiveness and empathy. In contrast, the managers of private banks give the same ranking of importance as the customer and employee groups.

24 percent of the managers of public banks (11 out of 46 managers) believe that the tangibility is the most important dimension and 12 percent (6 out of 46 managers) believe that the empathy is the least important dimension. In contrast, 25 percent of private banks managers (14 out of 54 managers) believe that reliability is the most important dimension while 14 percent (7 out of 54 managers) believe that the empathy is the less important dimension (see table 7.30).

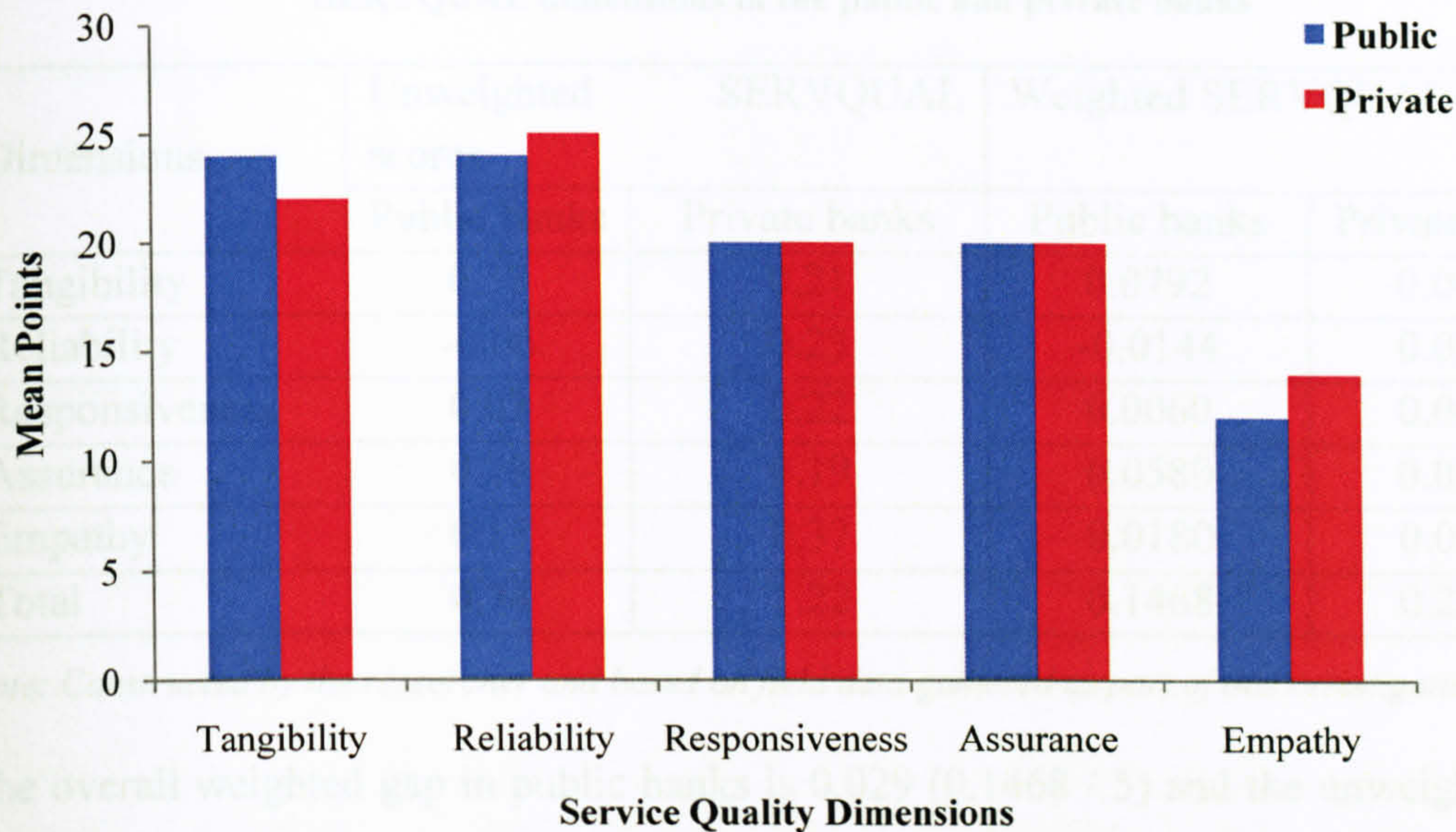
Table 7.30 Importance of SERVQUAL dimensions according to number of managers

Dimensions	Number of managers		Rank of dimensions*	
	Public	Private	Public	Private
Tangibility	11	12	1	2
Reliability	11	13	2	1
Responsiveness	9	11	4	3
Assurance	9	11	3	4
Empathy	6	7	5	5
Total	46	54		
*1 indicates “most important” and 5 indicates “least important”				

Note: Constructed by the researcher and based on field data gathered as part of this investigation

On the other hand, the findings as shown in figure 7.6 indicate there is also a difference in the rank of the five dimensions between the two bank managers' groups.

Figure 7.6 Comparison of priority on service quality dimensions between public and private managers



Although, there was not a difference in priority or in the ranking between the unweighted and weighted score of public banks managers, the weighted and unweighted gap score of the SERVQUAL dimensions as shown in table 7.31 below also confirms differences between the relative importance of the managers standpoint in both public and private banks.

In the public banks the tangibility dimension had the biggest weighted (0.0792) and unweighted (0.33) gap score followed by that of the assurance dimension (0.0580 weighted and 0.29 unweighted gap score). The empathy dimension (0.0180 weighted and 0.15 unweighted). Responsiveness (0.0060 weighted and 0.03 unweighted) and reliability dimension (-0.0144 weighted and -0.06 unweighted gap score) giving low scores.

In contrast, there was a marked difference between unweighted and weighted score of private banks managers. The two greatest weighted (0.0552 for reliability and 0.0518 for empathy dimension) and unweighted gap score (0.37 for empathy and 0.23 for reliability dimension) showed in the reliability and empathy dimensions with their difference in order. The third and fourth biggest weighted and unweighted gap showed in tangibility and responsiveness dimensions with the difference in the order as well (0.0462 weighted and 0.21 unweighted score in the tangibility dimension and 0.0440

weighted and 0.21 unweighted in the responsiveness dimension). Assurance dimension had least weighted (0.0380) and unweighted (0.19) gap score.

Table 7.31 Comparison of weighted and unweighted managers' gap scores among the five SERVQUAL dimensions in the public and private banks

Dimensions	Unweighted SERVQUAL scores		Weighted SERVQUAL scores	
	Public banks	Private banks	Public banks	Private banks
Tangibility	0.33	0.21	0.0792	0.0462
Reliability	-0.06	0.23	-0.0144	0.0552
Responsiveness	0.03	0.22	0.0060	0.0440
Assurance	0.29	0.19	0.0580	0.0380
Empathy	0.15	0.37	0.0180	0.0518
Total	0.74	1.22	0.1468	0.2352

Note: Constructed by the researcher and based on field data gathered as part of this investigation

The overall weighted gap in public banks is 0.029 (0.1468 / 5) and the unweighted gap is 0.148 (0.74 / 5), while the overall weighted gap in private banks is 0.047 (0.2352 / 5) with an unweighted gap of 0.244 (1.22 / 5). Therefore, Overall services quality weighted and unweighted gaps of both banks do seem to rate further examination.

As results of differences between the managers' standpoints regarding the relative importance of SERVQUAL dimensions, H05 is rejected, in that there is a difference in the relative importance of the five service quality dimensions for managers of Libyan commercial public and private banks.

7.7 Summary

This chapter has presented the results of a survey involving 310 bankers (210 employees and 100 managers) from both public and private banks. The data collected were analysed using the SPSS package, along with standard statistical analysis techniques: independent samples t-test and mean ratings. Analysis of variance procedures were used for the gaps one, six and seven which included service quality from standpoint of provider service. Therefore, results of test managers' and employees perceptions of customers' expectations have emerged. This chapter identified also the relative importance of the five service quality dimensions from provider service standpoint by using manager and employee SERVQUAL questionnaire.

In short, this chapter and the previous chapter provided an analysis of the quantitative data generated by the SERVQUAL questionnaire to examine bank service quality from customer, employee and manager standpoints. Further discussion and interpretation of the findings of these analyses in the context of other empirical studies will be presented in Chapter Eight. A summary of hypothesis tests of this chapter are summarised in table 7.32 below

Table 7.32 Summary of Hypothesis Tests

Hypotheses	Decision	Conclusion
H01: There are no significant differences in customers' expectations of service quality and managers' perception of these expectations between public and private banks.	Rejected	Managers' perceptions of customers' expectations differ from actual customers' expectations between both public and private banks at less than the 0.05 level.
H02: There are no significant differences in customers' expectations of service quality and employees' perception of these expectations between public and private banks.	Rejected	Employees' perceptions of customers' expectations differ from actual customers' expectations between both public and private banks at less than the 0.05 level.
H03: There are no significant differences in the perceptions of customers' expectations between managers and employees of public and private banks.	Accepted	Perceptions of customers' expectations between managers and employees not differ in both public and private banks.
H04: There is no difference in the ranked order of the five dimensions of service quality for employees of Libyan commercial public and private banks.	Rejected	The ranked order of the five dimensions of service quality is equal between employees public and private banks at less than the 0.05 level
H05: There is no difference in the ranked order of the five dimensions of service quality for managers of Libyan commercial public and private banks.	Rejected	The ranked order of the five dimensions of service quality is unequal between employees public and private banks at less than the 0.05 level

CHAPTER EIGHT

IMPLICATIONS FOR PRACTICE

8.1 Introduction

This chapter provides a comprehensive discussion on the analysis of the results and findings of the questionnaire survey are presented and analysed in Chapters Six and Seven of this study. These findings will then be discussed, summarised and integrated with one another, then reviewed, and validated in relation to the review of the current literature. The major aim of this chapter is to present and discuss the statistical results relating to the research hypotheses which involve three major results in this study. Section 8.2 presents and discusses the findings relating to the hypotheses tests of the differences between customers' expectations and perceptions of service quality in the Libyan commercial public and private banks. Section 8.3 presents and discusses the findings relating to the hypotheses tests of the differences between customers' expectations of service quality and the perceptions of employees and managers' of these expectations in both public and private banks. Section 8.4 highlights and analyses the findings applicable to the hypotheses tests of the differences in the ranked order of the five dimensions of service quality from customers and bankers standpoints of Libyan commercial public and private banks. Finally, the chapter summary is presented in section 9.5.

8.2 Finding of customers' expectations and perceptions of service quality

8.2.1 Testing the hypotheses relating to customers' expectations of service quality

A comparison between the customers' expectations of service quality in the Libyan commercial public and private banks is one of the aims of this study. The results show that the customers' expectations of service provided from both public and private banks are similar in their high demands of the service. These findings as shown in table 6.7 indicate that many of the mean responses (about 65%) for both banks were above 6.00 on the seven point scale. This shows that the customers of both banks have high expectations in relation to bank's service quality. These findings are in keeping with Babakus and Boller, (1992); Kwan and Hee, (1994); Kangis and Voukelatos, (1997); Gerrard and Cunningham, (2001) and Arasli *et al.*, (2005).

The results of this study of both bank types show that expectations are highest with respect to the use of up-to-date equipment (a dimension of tangibility). This dimension also found a high expectation in the good appearance of bank employees. In this context, both bank groups should continuously concentrate on improving the functional aspect of the banks physical facilities, its equipment, and ensuring the pleasing appearance of their personnel. Thus ensuring staff wear the correct uniform and banks are well decorated should be result in meet customers' expectations in this dimension. The attribution of relatively large importance to these items was out of keeping with the findings by Zeithaml *et al.*, (1990), Parasuraman *et al.*, (1991) and Lewis *et al.*, (1994) and leads to the conclusion that the items of tangibles are the most important dimensions of quality expectation. On the other hand, this finding is in keeping with those of Kangis and Voukelatos, (1997) which showed that the highest mean expectations of public and private banks was in the use of modern looking equipment because of the relatively recent introduction of this item in both banking sectors.

Results of this study demonstrate that the highest customers' expectations are related to the "tangibility"; "reliability" and "assurance" dimensions of service quality. Therefore, in order for the public and private banks to improve their service quality they must concentrate on these dimensions through focusing on customers' expectations on the ability to perform the service reliably and accurately. Additionally the physical facilities, equipment of the banks together with the appearance of their personnel and their employees' knowledge, courtesy and ability to convey trust and confidence are shown as being important customer expectations. Superiority priority

More specifically, both customer groups attribute relatively high values (greater than 6 on 7-points Likert scale, see table 6.7) in their expectations for assurance features. Therefore, the customer' choices clearly show that assurance is the most critical dimension in both the public and private banks. The results when considered collectively imply an important message from their customers to both banks employees and managers of both sectors; that is to be courteous, to treat customers with dignity and respect and of most importance, explain to customers the safety of their transactions. On the other hand, these findings indicate importance to the reliability dimension in both banks by their customers. This dimension could be improved by allocating resources and efforts to the training of employees to honour promises so that they are able to perform the service right the first time dependably and accurately. The aim must be to

under promise and over deliver and do what they say they will do. Therefore, both banks should continuously strive to improve their assurance and reliability if they are to meet their customers' high expectations. These findings are consistent with the views of Kwan and Hee, (1994); Arasli *et al.*, (2005); Abdul Razak and Chong, (2007) and Tahir and Abu Baker, (2007) but were not found in the bank customers studied by Kangis and Voukelatos, (1997) who found that assurance and empathy are the least valued dimensions by the customers of both public and private banks.

The responsiveness dimension follows the low expectation scores as shown in the empathy dimension. Customers' comments indicate that both banks groups fail to meet their expectations in the responsiveness dimension and mean that bank personnel appear to be unresponsive and ill prepared to meet requests. Many banks staff appear exceptionally worried by their work and though banks personnel were reasonable when seen, the service was irregular and of variable quality. Expectations in the empathy dimension, being of the lowest importance to customers may be due to increasing levels of care and to the individual attention provided to customers. As well as to the changing needs of their customers over time or possibly to differences in culture. The results of both dimensions are in keeping with the findings by Kwan and Hee, (1994) and Abdul Razak and Chong, (2007) who also found that the empathy and responsiveness dimensions are the least important dimensions. The result of empathy dimension is also in keeping with the findings of another survey conducted in Greece by (Kangis and Passa, 1997) here also this dimension is the least important dimension.

Hence, to improve customers' expectations of Libyan banks' service quality, the employees and managers of Libyan banks should focus on the functional aspects as found in the assurance, tangibility and reliability dimensions rather than the technical aspects captured in the responsiveness and empathy dimensions.

These findings show also that customers' expectations were higher in the private banks than in the public banks. These findings are consistent with the findings by Kangis and Voukelatos, (1997); Gerrard and Cunningham, (2001). An explanation for these differences between both banks may be due to a greater level of customer's attention to the physical facilities, equipment, and appearance of personnel in the private banks more than in the public banks in addition to a higher level of attention from private customers with regard to the clarity of bank charges for these customers. On the other

hand, the difference in item 6 shows that attention to customer's in public banks with regard to bank sympathy with customer's problems higher than in customer's private banks.

8.2.2 Testing the hypotheses relating to customers' perceptions of service quality

Customers' perceptions of public and private banks had a different perception of receipt of service quality (the level of significance in 12 for 23 questions and 4 dimensions) to those of the banks themselves. In these entire items the private banks rated their banking service better than the public customers. These results are consistent with several studies in the banking sector that have used the SERVQUAL scale such as: Kangis and Voukelatos, (1997); Spathis *et al.*, (2001); Koutouvalas and Siomkos, (2006).

The most important reason to be advanced in explaining the above findings is that due to privatisation, the private banks are liberated from central Libyan bank restrictions that in turn offer more flexibility and investment in the provision of service quality. The reason for this difference may also be that banks in the public sector do not manage the factors influencing quality perception as satisfactorily as do the banks in the private sector, and hence receive a lower level of perceived service quality. Thus these banks should look carefully at each one of the dimensions where customers perceive receiving a lower service than that expected. The banks need to consider the extent to which they should work on influencing expectations / perceptions or both. Another possible explanation that could be given is found in the different demographic characteristics of the users of public and private banks may reflect differences of ideas between the two bank groups. Such factors could be expected to affect the perceptions of bank service quality (see for example Stafford, 1996; Spathis *et al.*, 2001). On the other hand, Sharma and Mehta (2005) used another instrument i.e. (SERVPERF scale) to measure the differences between public and private banks in India and noted that the Indian customers of public sector banks enjoy a better perception of service quality than the customers of private sector banks.

All items in the "tangibility" dimension with the exception of item 4 (Bank suitability appearance with the nature of service provided) were significantly different. The items that are the main contributors to this significant difference in this dimension is that the

private bank is perceived as being better in using up-to date equipment, in its physical facilities and also in the well presented appearance of its employees. With the “reliability” dimension the significant differences between the two banks lie in 3 of 5 items. However, two attributes in this dimension, namely, item 5 (the bank promises to customers) and item 7 (providing proper service to the customer the first time) were not significantly different. The items that were the main reasons for this significant difference in this dimension are that the private bank was perceived as providing a greater ability to perform sympathetically to the customers’ problems, to provide a service at the time promised and offer accuracy in the services-transactions and statements.

These findings disagree with those of Kangis and Voukelatos, (1997) in that the results of all the items except two items (i.e. “using up-to-date equipment” and “the provide services promptly and quickly to customers”) were significantly different. This disparity shows also in that Kangis and Voukelatos considered all the items of the responsiveness and assurance dimensions to be significantly different in their study. However, results agree in that the items which make up the empathy dimension show no significant differences between customer perceptions in both public and private banks. Additionally, it agrees also that the private banks were seen to be far better than the public banks on all those items and two dimensions.

Assurance was highly rated as one of the two higher dimensions in both banks and was followed by the empathy dimension in the public bank and by the responsiveness dimensions in the private banks. This indicates that these banks perform relatively well on these dimensions. It seems to point to private banks having a greater willingness to help their customers and provide a prompter service than that which public banks offer their customers. Additionally, the employees’ caring and knowledge in private banks and their courtesy and ability to convey trust and confidence to their customers was rated as being higher than in the public banks.

According to the five service quality dimensions, excepting the dimension of empathy, the bank customers have different perceptions of the service quality for private and public banks. Upon comparing the responses relating to the two types of bank, the empathy dimension was not significantly different, while the other four dimensions are significantly different. The responses to the tangible, reliability, responsiveness and

assurance dimensions are seen to be significantly higher for the private banks compared with those of the public banks.

These results are not consistent with Kangis and Voukelatos, (1997) who used 12 of the 22 SERVQUAL items. However these results are in keeping with findings of Spathis *et al.*, (2001) and study of Sharne and Mehta, (2005). The lowest perceived value of service delivered was related to reliability for both public and private banks followed by responsiveness for the public banks and empathy for the private banks. Therefore, these banks should develop relevant strategies for increasing their reliability. They could include promotion of their recent achievements so that the customers are aware of these and place increased reliance upon the banks. The findings of the lowest perceptions disagree with those of Spathis *et al.*, (2001) who used (BSQ) Banking Service Quality scale to measure customer perceptions in the Greek public and private banks. It also disagrees with those of Sharne and Mehta, (2005) who used another scale i.e. SERVPERF to measure customers' perceptions in the Indian banking sector. This suggests that both Libyan bank groups could consider improving their service quality by giving more attention to performing the promised services dependably and accurately and offer a greater willingness to help customers as well as public banks providing a prompter service. Higher levels of care and the individual attention provided to customers are needed from the private banks.

8.2.3 Testing the hypotheses relating to difference between consumers expectations versus perceptions of actual service delivery

Customer expectations versus perceptions of actual service delivery are examined by analysing the responses to the 23 questions requesting their expectations of service delivery compared to the 23 questions on their perceptions of service delivery. Customer expectations in both public and private banks are greater than their perceptions across all the SERVQUAL items and dimensions. However in private banks (with the exception of items 4, 18 and 23) the gap between customers' expectations and perceptions is smaller than the gap in the public banks. Therefore, customers of private banks perceived themselves as receiving a better service than did those of public banks. These results are consistent with several studies that used the SERVQUAL scale to measure the gap between consumers' expectations and perceptions of service quality in the banking sector, see for example: Kwan and Hee, (1994); Kangis and Voukelatos,

(1997); Gerrard and Cunningham, (2001); Arasli *et al.*, (2005); Abdul Razak and Chong, (2007) and Tahir and Abu Baker, (2007). The most important reason for this advantage or superiority may be because the private banks are generally perceived as offering better services than the public banks.

The widest gap between perceived performance and expectation is in the dimension of reliability for public banks and in the tangible dimension for the private banks. Public banks therefore, do not seem to be as effective in their ability to perform the service dependably and accurately especially with regard to banks promises and sympathy with their customers whereas private banks are not seen to be up to the desired standard in their physical facilities which had greater gap in this dimension in addition to equipment and appearance of bank personnel. A possible reason for such discrepancies is that the expectations of the bank customers are too high in respect to what the banks are capable of delivering. This would imply that these banks should be the standard setters for service quality expectations as the customers' needs, desires and requirements are the drivers of the banks quality of service.

The dimension of empathy shows the smallest gap in both banks and the lowest score among the five dimensions for expectation. This would imply, from the viewpoint of Libyan customers in both banks, that the levels of caring and individual attention provided to customers are perceived to be least important of the five dimensions. The small size of the gap also shows that in this aspect of empathy, the service quality is the aspect that is most highly rated. These results are in keeping with Shahin, (2006); Abdul Razak and Chong, (2007). However, it disagrees with Kwan and Hee, (1994); Kangis and Voukelatos, (1997) and Gerrard and Cunningham, (2001) who did not use all the SERVQUAL items and dimensions to examine service quality in the banking sector. Across all of the dimensions, the private banks have smaller gap scores which indicate that their customers are more generally satisfied than those of the public banks. This could be for several reasons such as: lower standards/ expectations and different delivery standards of the banks that service private banks.

8.3 Finding of managers' and employees' perceptions of customers' expectations of service quality

8.3.1 Testing the hypotheses relating to managers' perceptions of customers' expectations of service quality

Management perceptions of customers' expectations show differences between both public and private banks with regard to either the 23 items or the five dimensions of service quality. For most of the items and the dimensions of management perceptions of customers' expectations in both banks were higher than actual customers' expectations, indicating therefore that management has a good understanding of customers' expectations in both banks especially in the private banks in which managers were very confident and they believed they knew best. More specifically, they perceive their service delivery as being more successful than their customers perceived it to be.

These results are consistent with a number of studies that show there are considerable differences in expectations of service quality between customers and management (Nightingale, 1986; Lewis, 1987; Parasuraman *et al.*, 1991a; Saleh and Ryan, 1991; Coyle and Dale, 1993; Nel and Pitt, 1993; Tsang and Qu, 2000 and Luk and Layton, 2002). These findings also support the study of Langeard and Bateson *et al.*, (1981) and the gap theory by Parasuraman *et al.*, (1985) who found that some of the discrepancies between management perception and customers' actual expectation occur where the firms' executives may not always understand what features denote high quality to their consumers, what features a service must have in order to meet customer needs and what levels of performance on those features are needed to deliver high-quality service. However, the results of this study contrast with the works of Douglas and Connor, (2003) and Bexley *et al.*, (2005) which conclude that managers lacked an understanding of customers' expectations with regard to service quality provided.

The differences between customers' expectations and managers' perceptions of these expectations shows in six items and two dimensions in the public banks and seven items and two dimensions in the private banks. The inability of management to assess the customer's expectations correctly shows clearly in these cases. These results are consistent with the views of Saleh and Ryan, (1991) and Zeithaml and Bitner, (1996) in that an accurate understanding of customers' expectations will lead to service

performance that meet their expectations and is prerequisite of providing excellent and superior services. Thus, to ensure perceptions of a high-quality service, the management of these banks has to design, or modify, the service offered on the basis of their understanding of customers' expectations also the measurement of management perceptions of customer expectations in these banks should be equally as important as directly measuring the customers' expectations.

When the SERVQUAL dimensions are compared with management perception of customers' expectations between both banks, the results indicate significant differences between managers' perceptions and customers' expectations in the tangibility dimension of both banks that could be due to significant differences of the physical facilities and the appearance of employees of these banks. This could be a good indicator that banks should concentrate their attentions on making the physical facilities more appealing and ensuring the bank staff wear smart uniforms. The subsequent effect of the absence of expected standards of tangible elements is that these elements become more important in the expectations of the customer to the detriment of the other elements. Therefore, customers and managers may have to give the subconscious, physiological needs of consumers and managers so placing sufficient emphasis on such tangibles to match consumer expectations. However, this must not be to the extent of consuming excessive finance which may be better used to meet the consumers' other expectations such as those of the assurance dimension in the public banks and the empathy dimension of the private banks. These results concur with Saleh and Ryan's study (1991) whose study analyses service quality in the hospitality industry by use of other studies with SERVQUAL model and different statistical testing (paired sample t-test). However, these results contrast with the study of Douglas and Connor, (2003) which used the same method (i.e. the SERVQUAL instrument) and the same test (t-test) to measure service quality in the Northern Ireland hotels.

In public banks customers and managers rate the assurance dimension as the highest of the five dimensions. The results show significant differences between the managers' and consumers' perceptions of all items in this dimension. These differences were found largely in employees' treatment and behaviour of bank customers, where it appears that the managers overestimate the ability of their staff and their knowledge to convey confidence and trust. These results also show that in the private banks there are other

significant differences in the empathy dimension due to a low level of customers' expectations in this dimension. These results are in line with theory of Zeithaml *et al.*, (1990) with regard to reliability and responsiveness in that in the management of both bank types generally has a good picture of what customers want when it comes to service quality. This is in addition to the empathy needs of public banks and that of assurance in the private sector.

Overall this gap indicates significant differences only in private banks between customers' expectations and those of the managers' perceptions of their expectations ($p < 0.05$). This finding contrasts with studies of Choy *et al.*, (1986) and Wei *et al.*, (1989). The justification of this difference as found in the gap theory by Parasuraman *et al.*, (1985) that management does understand what customers want but may not set standards to match these expectations.

Generally, from the results of the positive gap scores between managers and customers in both banks, it may be concluded that this gap is probably not seen to be a major problem area in contributing to the extent of the gap between customers' expectations and perceptions of service provided.

8.3.2 Testing the hypotheses relating to employees' perceptions of customers' expectations of service quality

The results from the gap between employees' perceptions of customers' expectations and actual customers' expectations indicates that employees in the public and private banks have a good understanding of customers' expectations in most of the 23 items and in all the five SERVQUAL dimensions. Therefore, customers of both banks are satisfied with the quality of service provided. This proves similar to the results of the Schneider *et al.*, (1980) in the banking study, the results of this study also found the employees of the Libyan public and private banks to have a good understanding of consumer expectations. On the other hand, Klose and Finkle, (1995) who studied the congruency of employee perceptions and customer expectations of an electric utility showed also that employees had a good understanding of customer expectations. Results of this study also are in line with the findings of Tse *et al.*, (1990) in that customers will be completely satisfied with the quality of service provided if the employees meet consumer expectations accurately. Therefore, one of the successful

characteristics of service firms is employees who are able to fulfil the organization's service promise to its customers (Congram and Friedman, 1991).

In the current study, employee overestimation of customers' expectations results in significant differences between both respondent groups across 14 items in the public banks and 9 items in the private banks. Most of these significant differences relate to the tangibility dimension in both banks in addition to the assurance and empathy dimensions in the public banks and responsiveness dimension in the private ones. These dimensions showed significant differences between the customers and the employees. Moreover, in all cases the employees overestimate the value of the dimensions placed by their customers in assessing quality. These results contrast with those of Douglas and Connor, (2003) who used the five SERVQUAL dimensions to measure the expectation gap in the hospitality sector.

According to overall service quality, the results also show that the employees of both public and private banks have a good understanding of their customers' expectations. This is indicated by the positive scores of the gap between employees' perceptions of the consumers' expectations of service quality occurring between employees' perceptions of customers' expectations and actually customers' expectations of both banks. Therefore, this gap may not be seen as a major problem area in contributing to the extent of service quality gap between customers' expectations and perceptions of service quality.

8.3.3 Testing the hypotheses relating to comparison of managers' and employees' perceptions of customers' expectations in public and private banks

Unlike the results of the gaps between employees and managers perceptions of customers' expectations and actual customers expectations, the discrepancy between the employees' and managers' perceptions of customer' expectations in both public and private banks indicates insignificant differences in the five dimensions and overall service quality. The results for both service groups being closely similar. The only significant differences occurred in item 12 for both public and private banks in addition to item 4 in the public banks alone. Therefore, this gap in both banks shows as being a less importance difference.

There were certain similarities in the hierarchical order of some items (i.e. items one, three, nine, fifteen and sixteen) in terms of their relative importance to the evaluation of perceived service quality by these two groups of respondents for both the public and private banks. From the perspectives of both managers and service providers, excellent performance on such items can enhance their self-esteem and the reputation of their banks. Therefore, these items tend to rate it of more importance to the evaluation of the service in these banks.

Generally, managers of public banks appeared to have a better understanding of their customers' expectations than did the bank employees. These findings are congruent with the findings of previous studies in that management in most organizations has a reasonably good understanding of customers' expectations (Lewis, 1993; Zeithaml *et al.*, 1990). In comparison, the employees of private banks have better knowledge of customers' expectations than the bank managers. These findings support the assertion that 'gaps in service quality become smaller when the service provider (employees) becomes better at understanding the customers' perceptions of service quality (Martin, 1995).

Finally, when compared to the discrepancies between the managers' understanding of their customers' expectations and actual bank customers' expectations (gap 1); the discrepancies between employees' understanding of customers' expectations and what bank customers actually expected (gap 6) together with the discrepancies between the understanding of customers' expectations perceived by both bank managers and bank service providers (gap 7); the gap (6) in the public banks should be considered as more serious followed by gaps (1) and (6) in the private banks and then the gap (1) in the public banks. In contrast, the gap (7) in both public and private banks is considered as being less serious.

8.4 Testing the hypotheses relating to relative importance of SERVQUAL dimensions from customers' and bankers' standpoints.

The results from this research demonstrated how the SERVQUAL instrument can help banks to identify the service characteristics that are considered important by customers and by bankers. Furthermore, the use of the SERVQUAL instrument demonstrates the

areas in which Libyan banks are close to meeting customer expectations and areas in which the banks fall far short of expectations.

The results reveal that with exception of the managers' of public banks, all another bank groups believe that reliability (which includes bank ability to perform the service dependably and accurately) is the most important aspect of bank service quality and that empathy (which includes the level of caring and individual attention provided to customers) is regarded as the least important. More specifically, these results showed that customers of public and private banks, the employees of public and private banks together with the managers of private banks believe that reliability is the most important dimension in measuring Libyan commercial banking service, being followed by tangibility, responsiveness, assurance and empathy. In contrast the managers of public banks consider tangibility as the most important dimension followed by reliability, assurance, responsiveness and empathy. As a result of these views, all of the respondents in the public and private banks found it difficult to identify the relative importance of the service quality dimensions because the respondents' mean appeared to be almost the same. This is especially true of the private banks.

Based on these findings, resource allocation decisions should be re-evaluated in the light of customers' expectations. Libyan banks should strive to meet and exceed customer expectations and to have continuous quality improvement in place. The specific part of this solution is to conduct additional studies on employees' and managers' expectations and perceptions of their banks' services. It is possible that perceptions of the reliability and tangibility dimensions deemed most critical by customers are not matched by the perceptions of managers and employees. Also managers need to have a commonly held definition of quality shared by all employees because this provides the bank with the ultimate "focus" for total quality bank services. Another part of the solution is the recognition of the need for a total quality model with which to guide employees and managers in their continuous quality improvement journey. However, improving service quality does require planning and coordination. Most of all, it requires the total commitment of managers and employees.

Consideration that reliability is the dominant dimension in service quality for both public and private groups is found to match the results of Parasuraman *et al.*, (1991) and Zeithaml *et al.*, (1990) and studies of Sultan and Simpson (2000) and Kassim and Bojei,

(2002). However, the results of the current study show the tangibility as the most important dimension for managers of public banks and the second most important dimension for the remaining groups. This is out of keeping with the works and studies, listed above, which rank the tangibility dimension as the least important dimension. This is likely to be due to the expected level of tangibility not being met in this study.

The importance of the reliability dimension supports the results of the overall customer perceptions in table 6.15 which shows that the reliability dimension is of primary importance in both the Libyan public and private banking sectors. This importance may be because customers in both public and private banks prefer their banks to keep correct records. These wide gaps between customers' expectations and perceptions in the reliability dimension items were due to the accuracy of delivering what was promised to customers.

The importance of the tangibility dimension supports the results in table 6.10 in that there is a significant difference in customers' expectations between public and private banks in this dimension. Therefore, this study indicates difficulties in meeting customer expectations in the tangibility dimensions. This importance supported also by the results in table 7.11 in which the biggest gap between managers' perceptions of customer expectations and actual customer expectations occurring in public banks was in the tangibility dimension. Moreover, tables 7.12; 7.18 and 7.20 indicate that there are also significant differences in this dimension between the managers' perceptions of customer expectations and actual customers' expectations in private banks and between employees' perceptions of customers' expectations and actual customers' expectations in both public and private banks. The high importance level of the tangibility dimension could be due to customers' standpoints regarding some aspects related to this dimension such as that customers in these banks like to see staff in uniform and they also like well decorated banks. Another justification for tangibility dimension importance lie in the preference of customers in these banks to using modern equipment and attractive physical facilities. Moreover, results between managers' and employees' perceptions of customers' expectations and actual customers' expectations in most tangibility dimension items were significantly difference. These findings resulted in significantly difference in overall tangibility dimension in both public and private banks.

Customers expect the most from the assurance dimension of service in both public and private banks, although the relative importance weightings allocated to them respectively does not reflect this. This dimension had the biggest customers' expectations and perceptions especially with regard to customers' treatment and employee' behaviour in these banks. This is probably attributable to the fact that internal customers are all too aware of financial restrictions imposed on all service providers and tend to take for granted the knowledge and willingness of fellow staff trying to do a good job. These results are congruent with study of Bryshand and Curry, (2001) which showed that this dimension has higher customers' expectations and lower gap scores.

The relatively low importance of responsiveness could be attributable to the fact that customers are aware of the financial constraints which are typical in the local authority funding context, and simply do not expect much when it comes to aesthetics; instead, they attach more importance to the delivery aspects of the service. Customers allocated to empathy and responsiveness the low weighting, indicating it to be of least importance to them, and they expect little from this service dimensions. This clearly appears to match customers' expectations with their assessment of relative importance of these dimensions. These assessments would suggest that both banks are intent on improving customer service quality and should devote more management attention and resources on improving the reliability and tangibility dimensions and less on the empathy dimension which shows lower levels of expectations and relative importance of the service quality dimensions.

Unlike the considerable similarity in the rank of service quality dimensions by customers and bankers in both public and private banks, the results of this study show clear differences with regard to unweighted and weighted gaps scores between customers and bankers although there is similarity between employees and managers regarding ranking these gaps.

From the customers' standpoints, with the exception of unweighted gap in tangibility, reliability and responsiveness dimensions of the public banks, all the five dimensions in all customers and bankers groups showed that relative importance in both weighted and unweighted gap scores have equal rank. This is therefore helpful to these banks to know the most important and least dimension leading to their identification of the dimension

most in need of development. These results clearly establish that the reliability and tangibility dimensions constitute the most serious problem facing the Libyan commercial public and private banks. Customers' expectations of service providers in both banks are high in relation to these dimensions. Moreover, the relative importance, weighted and unweighted gap score of these dimensions are higher between the five SERVQUAL dimensions. The main reason for this problem may be due to the possibility that customers' expectations are not matched by the expectations of banks employees and managers or by their inability to satisfy agreed standards.

The unweighted and weighted gaps from the bankers' standpoint were similar between employees and managers in public banks who considered the tangibility dimension. The higher weighted and unweighted scores were followed by assurance, empathy, responsiveness and reliability dimensions. These findings support the customers' standpoints regarding the rank of the tangibility dimension but it is out of keeping with them concerning the reliability dimension which shows as the least scoring dimension. The difference in the reliability dimension may be due to the low level employees understanding of customers' expectations. Therefore, these results support the view that these dimensions represent the actual problem facing the banks. In contrast, there were differences between these gap scores from private employees and managers of banks across all the service quality dimensions.

Finally, although there is a need for additional research in this area, customers' expectations and perceptions of service quality especially from the service provision standpoints, the current study does provide critical information which the Libyan public and private commercial banks can use to enhance their services. Certain aspects of service quality will arise from customers with exceptionally high expectations. The importance of service quality dimensions, such as reliability and tangibility are shown by the findings of this study to have higher expectations and ranks. Reliability is the ability to perform the promised service dependably and accurately. It is the most outcome-oriented and the clearest to define and measure. Tangible is the appearance of physical facilities, equipment, personnel, and communication material, is a physical outcome that can be more objectively measured against customer expectations. In conclusion, to compete more efficiently and effectively in the marketplace, the Libyan

commercial public and private banks should be increasingly sensitive in meeting their customers' expectations for reliability and tangibility dimensions.

8.5 Summary

This chapter has presented the procedures, findings and discussion emerging from the data analysis of this research, presented in Chapters Six and Seven. The interpretations of the results have been guided by previous empirical studies in the context of scrutiny of the relevant literature review. The first section of this chapter focused on examining and comparing the difference between customers' expectations and perceptions of service provided by both Libyan commercial public and private banks. The second section was concerned with examining and comparing managers' and employees' perceptions of customers' expectations and actually customers' expectations in these banks. The third and final section was concerned with comparing the relative importance of the five SERVQUAL dimensions from customers, managers and employees perspectives.

CHAPTER NINE

CONCLUSIONS AND RECOMMENDATIONS

9.1 Introduction

The final chapter presents conclusions and recommendations of the research. It provides an overall summary of the major findings resulting from this study and details the conclusions drawn. The findings of the questionnaire survey were presented and analysed in Chapters Six and Seven of this study. These findings were then discussed, summarised and integrated with one another, then reviewed, and validated in relation to the review of literature. The composite findings, presented in Chapter Eight, formed the basis of the research findings. This chapter summarises the findings in section (8.2) which result in the recommendations of researchers in section (8.3). It then outlines the study limitations and provides suggestions for future research directions that have emerged from the findings of section (8.4).

It should be recognised at the outset that service quality plays an important role in the success of the business in the banking sector. This importance increased after the link of service quality with customers' satisfaction, customers' loyalty, profitability and financial performance. In response to this importance, banks are placing more emphasis on measuring and improving service quality in these banks and this has been a major motivation to examine this process by conducting this study.

This study is an attempt to provide a better understanding of service quality measurement implications in the banking sector and uses through the most common service quality dimensions (i.e. Tangibility, Reliability, Responsiveness, Assurance and Empathy). This study, has utilised the SERVQUAL theory to examine the differences between customers' expectations and perceptions of service quality in Libyan commercial public and private banks, managers' and employees' perceptions of customers' expectations and actually customers' expectations of these service in these banks. In addition, to examine the differences between these banks with regard to the relative importance of the five above SERVQUAL dimensions from customers, managers and employees standpoints.

It was pointed out in Chapter one that the major aims of this research were:

(1) To examine and compare service quality in the Libyan commercial public and private banks by using SERVQUAL questionnaire from customers (received service) standpoints. In order to achieve this aim of the study, three objectives are formulated:-

- To assess customer's expectations of service quality between Libyan commercial public and private banks.
- To analyses customer's perceptions of service quality between Libyan commercial public and private banks.
- To examine differences in customer's expectations and perceptions' of service quality between Libyan commercial public and private banks.

(2) To examine and compare service quality in the Libyan commercial public and private banks by using SERVQUAL questionnaire from managers and employees (provided service) standpoints. In order to achieve this aim of the study, three objectives are formulated:-

- To analyses managers' perceptions of customers' expectations and actual customers' expectations in both Libyan commercial public and private banks.
- To assess employees perceptions of customers' expectations and actual customers' expectations in both Libyan commercial public and private banks.
- To examine differences in the perceptions of customers' expectations between managers and employees and actual customers' expectations in both Libyan commercial public and private banks.

(3) To assess the relative importance of the five SERVQUAL dimensions from both customers and bankers standpoints in the Libyan commercial public and private banks. In order to achieve this aim of the study, three objectives are formulated:-

- To examine the relative importance of these five dimensions between customers of both commercial banks.
- To analyses the relative importance of these five dimensions between managers of both commercial banks.
- To assess the relative importance of these five dimensions between employees of both commercial banks.

According to aims of this study, t-test was utilised to achieve the first and second aims of the research in which used independent sample t-test to examine all these objectives except examination of differences between customer's expectations and perceptions' of service quality in both banks which were achieved by paired sample t-tests. A rank-order test was also utilised in this research to achieve the third aim related to relative importance of service quality dimension.

9.2 Summary of the research findings

Three major results have been discerned in this study. Firstly, there are differences between customers' expectations and perceptions of service quality in the Libyan commercial public and private banks. Secondly, there are also differences between customers' expectations of service quality and the perceptions of employees and managers' of these expectations in both public and private banks. Additionally, there are differences in the ranked order of the five dimensions of service quality from customers and bankers standpoints of Libyan commercial public and private banks. The results are presented in the following sub-sections.

9.3 The results of hypotheses tests relating to customers' expectations and perceptions of service quality

9.3.1 The results of hypotheses tests relating to customers' expectations

The first hypothesis was utilised to achieve the first objective of the first aim of this research (examination of customers' expectations of service quality between Libyan commercial public and private banks). A summary of this of hypothesis and their results is presented in Table 9.1. These results suggest that there are significant differences between both bank types with regard to customers' expectations of service quality provided by both banks.

Table 9.1 Summary of the research hypothesis relating customers' expectations of service quality

Place of significant differences	Mean		t	Sig	Comment
	Public banks	Private banks			
Item 3	6.34	6.48	-1.99	.047	Rejected hypothesis
Item 4	5.83	6.14	-3.03	.003	
Item 6	6.03	5.79	2.12	.034	
Item 23	5.89	6.25	-2.99	.003	
Tangibility dimension	6.19	6.35	-2.295	.022	
<ul style="list-style-type: none"> • t is the t score • Sig is the level of significance (5%) 					

Note: Constructed by the researcher and based on field data gathered as part of this investigation

The results summarised in table 9.1 are presented as follows:

- Customers of both public and private banks have high expectations in relation to service quality provided by these banks.
- Customers' expectations of banks services were higher in the private banks than in the public banks
- There are significant differences between customers' expectations in both banks shows in four of twenty three items. These items are: item 3 (The appearance of bank employees), item 4 (Suitability of bank appearance with the nature of service provided), item 6 (Bank sympathy with customers' problems) and item 23 (The clarity of bank charges for customers).
- These significant shows also in the tangibility dimension.
- The highest customers' expectations were related to the tangibility, reliability and assurance dimensions which make it the best opportunity for development.

It should be noted that all the results presented in table 9.1 were presented and discussed in Chapter 8 (section 8.2.1).

9.3.2 The results of hypotheses tests relating to customers' perceptions

This hypothesis was utilised to achieve the second objective of the first aim of this research (examination of customers' perceptions of service quality between Libyan commercial public and private banks). A summary of this of hypothesis and their results is presented in table 9.2. These results suggest that there are significant differences

between both bank types with regard to customers' perceptions of service quality provided by both banks.

The results summarised in table 9.2 are presented as follows:

- Customers' perceptions of banks services were higher in the private banks compared with public banks. So, private banks customers perceived receiving a higher level of service quality than did those of the public banks.
- There are significant differences between customers' perceptions in both banks shows in 12 of twenty three items and in four dimensions as show in below table.

It should be noted that all the results presented in table 9.2 were presented and discussed in Chapter 8 (section 8.2.2).

Table 9.2 Summary of the research hypothesis relating customers' perceptions of service quality

Place of significant differences	Mean		t	Sig	Comment
	Public banks	Private banks			
Item 1	5.05	5.32	-2.304	.022	Rejected hypothesis
Item 2	4.02	4.41	-2.456	.014	
Item 3	4.81	5.09	-2.241	.026	
Item 6	3.82	5.02	-8.129	.000	
Item 8	4.15	4.51	-2.647	.008	
Item 9	4.88	5.61	-6.037	.000	
Item 10	5.02	5.24	-2.014	.045	
Item 12	3.98	5.27	-9.086	.000	
Item 13	3.55	4.95	-9.724	.000	
Item 15	5.39	5.66	-2.313	.021	
Item 16	4.75	5.73	-7.587	.000	
Item 17	4.58	5.57	-7.772	.000	
Tangibility dimension	4.57	4.83	-2.535	.012	
Reliability dimension	4.24	4.78	-4.750	.000	
Responsiveness dimension	4.41	5.19	-7.822	.000	
Assurance dimension	4.99	5.60	-6.556	.000	
- t is the t score		- Sig is the level of significance (5%)			

Note: Constructed by the researcher and based on field data gathered as part of this investigation

9.3.3 The results of hypotheses tests relating to customers' expectations and perceptions

This hypothesis was utilised to achieve the third objective of the first aim of this research (examination the differences between customers' expectations and perceptions of service quality in both Libyan banks). These results suggest that there are significant differences between both bank types with regard to the gap between customers' expectations and perceptions of service quality provided by both banks.

The major findings indicate that the gap between customers' expectations and perceptions of services provided by public and private banks is widest in public banks in majority of the 23 items and all the five SERVQUAL dimensions. It indicates that there are significant differences between the customers' expectations and perceptions of the service provided by both commercial public and private banks. The results from the analysis indicate that these differences related to all the 23 items and the five SERVQUAL dimensions in which customer expectations in both public and private banks were greater than their perceptions of actual service delivery either in the 23 items or the five dimensions of service quality. It indicate also that the greater gaps show in reliability and tangibility dimensions in consideration that it appear to be the most important dimensions by the customers as a whole

9.4 The results of hypotheses tests relating to managers' and employees' perceptions of customers' expectations and actually customers' expectations.

9.4.1 The results of hypotheses tests relating to managers' perceptions of customers' expectations and actually customers' expectations.

This hypothesis was utilised to achieve the first objective of the second aim of this research (examination the differences between managers' perceptions of customers' expectations and actually customers' expectations). A summary of this of hypothesis and their results is presented in table 9.3. These results suggest that there are significant differences between managers' perceptions of customers' expectations in both bank types.

Table 9.3 Summary of the research hypothesis relating managers' perceptions of customers' expectations and actually customers' expectations

Place of significant differences	Managers Mean	Customers Mean	Gap	t	Sig	Comment
Public banks						
Item 2	6.59	6.05	0.54	-3.04	.003	Rejected hypothesis
Item 3	6.72	6.34	0.38	-2.92	.004	
Item 14	6.65	6.33	0.32	-2.22	.027	
Item 15	6.74	6.41	0.33	-2.21	.028	
Item 16	6.70	6.43	0.27	-2.00	.046	
Item 23	6.41	5.89	0.52	-2.41	.017	
Tangibility dimension	6.52	6.19	0.33	-2.72	.007	
Assurance dimension	6.67	6.38	0.29	-2.48	.014	
Private banks						
Item 2	6.52	6.16	0.36	-2.30	.022	Rejected hypothesis
Item 3	6.70	6.48	0.22	-2.31	.021	
Item 4	6.46	6.14	0.32	-2.44	.015	
Item 6	6.15	5.79	0.36	-2.00	.046	
Item 18	5.80	5.32	0.48	-2.14	.033	
Item 19	5.61	4.83	0.78	-3.08	.002	
Item 20	6.02	5.55	0.47	-2.41	.016	
Tangibility	6.56	6.35	0.21	-2.17	.030	
Empathy	5.95	5.59	0.37	-2.34	.020	
Notes:						
<ul style="list-style-type: none"> • t is the t score; • Sig is the level of significance (5%); • a negative gap indicates that managers underestimated customers' expectations; a positive gap indicates that managers overestimated customers' expectations 						

Note. Constructed by researcher on the basis of field data gathered as part of this investigation

The results summarised in table 9.3 are presented as follows:

- Managers' perceptions of customers' expectations in both banks had high scores in of bank's service quality.
- The managers significantly overestimate the expectations of their customers in six items in public banks and seven other items in private banks.

- Managers overestimate also the expectations of their customers in tangibility dimension in both banks in addition to assurance dimension in public banks and empathy dimension in private banks.
- As result, these results show differences in customers' expectations of service quality and managers' perceptions of these expectations between public and private banks.

It should be noted that all the results presented in table 9.3 were presented and discussed in Chapter 8 (section 8.3.1).

9.4.2 The results of hypotheses tests relating to employees' perceptions of customers' expectations and actually customers' expectations.

This hypothesis was utilised to achieve the second objective of the second aim of this research (examination the differences between employees' perceptions of customers' expectations and actually customers' expectations). A summary of this of hypothesis and their results is presented in table 9.4. These results suggest that there are significant differences between employees' perceptions of customers' expectations in both banks. The results summarised in table 9.4 are presented as follows:

- Employees' perceptions of customers' expectations in both banks had high scores in of bank's service quality.
- The employees significantly overestimate the expectations of their customers in fourteen items in public banks and nine items in private banks
- Employees significantly overestimate also the expectations of their customers in tangibility, assurance and empathy dimensions in public banks and tangibility, responsiveness dimensions in private banks.
- There are significant differences in customers' expectations of service quality and employees' perceptions of these expectations between public and private banks.

It should be noted that all the results presented in table 9.4 were presented and discussed in Chapter 8 (section 8.3.2).

Table 9.4 Summary of the research hypothesis relating employees' perceptions of customers' expectations and actually customers' expectations

Place of significant differences	Employees Mean	Customers Mean	Gap	t	Sig	Comment
Public banks						
Item 1	6.76	6.54	0.22	-2.68	.008	Rejected hypothesis
Item 2	6.66	6.05	0.61	-5.10	.000	
Item 3	6.76	6.34	0.42	-4.97	.000	
Item 4	6.46	5.83	0.63	-4.96	.000	
Item 9	6.75	6.49	0.26	-2.92	.004	
Item 11	6.41	6.14	0.27	-2.43	.015	
Item 12	6.36	6.13	0.49	-2.04	.041	
Item 14	6.54	6.33	0.21	-2.03	.043	
Item 15	6.66	6.41	0.25	-2.40	.017	
Item 16	6.69	6.43	0.26	-2.84	.005	
Item 17	6.64	6.37	0.27	-3.06	.002	
Item 18	5.72	5.21	0.51	-3.12	.002	
Item 20	5.96	5.60	0.36	-2.56	.011	
Item 23	6.44	5.89	0.55	-3.78	.000	
Tangibility	6.66	6.19	0.47	-5.86	.000	
Assurance	6.63	6.38	0.25	-3.12	.002	
Empathy	5.87	5.59	0.28	-2.38	.018	
Private banks						
Item 2	6.50	6.16	0.34	-3.15	.002	Rejected hypothesis
Item 3	6.68	6.48	0.20	-2.67	.008	
Item 9	6.68	6.45	0.23	-2.40	.017	
Item 12	6.48	6.04	0.44	-3.37	.001	
Item 15	6.77	6.44	0.33	-3.54	.000	
Item 16	6.63	6.39	0.24	-2.18	.030	
Item 17	6.70	6.42	0.28	-2.98	.003	
Item 19	5.30	4.83	0.47	-2.35	.019	
Item 20	5.99	5.55	0.44	-2.91	.004	
Tangibility	6.55	6.35	0.20	-2.81	.005	
Responsiveness	6.19	5.97	0.22	-1.97	.049	
Notes:						
<ul style="list-style-type: none"> • t is the t score; • Sig is the level of significance (5%); • a negative gap indicates that managers underestimated customers' expectations; a positive gap indicates that managers overestimated customers' expectations 						

Note. Constructed by researcher on the basis of field data gathered as part of this investigation

9.4.3 The results of hypotheses tests relating to managers' and employees' perceptions of customers' expectations and actually customers' expectations.

This hypothesis was utilised to achieve the third objective of the second aim of this research (examination the differences between managers' and employees' perceptions of customers' expectations and actually customers' expectations). A summary of this of hypothesis and their results is presented in table 9.5. These results suggest that there are significant differences between managers' and employees' perceptions of customers' expectations in both banks. The results summarised in table 9.5 are presented as follows:

- Employees' perceptions of customers' expectations appeared greater than the managers' perceptions.
- Although, there are significant differences between managers' and employees' perceptions of customers' expectations in item 12 for both banks and item 4 for public banks only. However, there are no significant differences between these groups with regard to overall service quality and the five service quality dimensions.

It should be noted that all the results presented in table 9.5 were presented and discussed in Chapter 8 (section 8.3.3).

Table 9.5 Summary of the research hypothesis relating managers' and employees' perceptions of customers' expectations and actually customers' expectations

Place of significant differences	Managers Mean	Employees Mean	Gap	t	Sig	Comment
Public banks						Accepted hypothesis
Item 4	6.07	6.46	-0.39	2.28	.024	
Item 12	5.96	6.36	-0.40	2.73	.007	
Private banks						
Item 12	6.19	6.48	-.29	2.20	.029	
Notes:						
<ul style="list-style-type: none"> • t is the t score; • Sig is the level of significance (5%); • a negative gap indicates that managers underestimated customers' expectations; a positive gap indicates that managers overestimated customers' expectations 						

Note. Constructed by researcher on the basis of field data gathered as part of this investigation

9.5 The results of hypotheses tests relating to relative importance of SERVQUAL dimensions from customers' and managers' and employees' standpoints.

A summary of this of hypothesis and their results is summarised as following:

- According to the rank of the five dimensions with exception of the managers' of public banks, all another bank groups believe that reliability is the most important dimension of bank service quality and that empathy is the least important.
- Although the similarity in the rank of service quality dimensions by majority of all groups in both public and private banks, the results of this study show clear differences with regard to unweighted and weighted gaps scores between these groups in both banks.

It should be noted that all these results were presented and discussed in Chapter 8 (section 8.4).

9.6 Original contribution to knowledge

As clarified in chapter one, this thesis sought to achieve a number of principal research objectives. The first was to examine customers' expectations and perceptions of service quality in Libyan commercial banks (examination from customers' standpoints). The second objective was to examine managers' and employees' perceptions of customers' expectations of this service quality (examination from bankers' standpoints). On the basis of the review of the relevant literature and in the light of the research's observations, the study's main contributions revolved around using the extended SERVQUAL model as the first study in the banking sector to do so. In addition, unlike previous studies, the results of this study indicated that the tangibles dimension was more prominent. Other contributions of this study are presented below:

- 1) By examining service quality and customer satisfaction literature it is obvious that little, if any, information is presented concerning measurement of customers' expectations and perceptions of service quality in the Libyan banking sector. A thorough review of the literature for this study revealed a total inadequacy within the current body of knowledge relating to predicting service quality by examining expectations and perceptions of bank customers in the Libyan banking sector. Considering the state of the literature in evaluating service

quality by examining expectations and perceptions of bank consumers in commercial banks in Libya it becomes obvious this is an area that has not been thoroughly researched. Therefore, it was not difficult to establish the fact that a sufficient gap in the literature exists to indicate that an empirical study is justified and needed.

- 2) On the other hand, the research issues with respect to service quality have been extensively researched in developed economies but, there is a lack of knowledge concerning financial service quality in developing economies of which Libya is one (Angur *et al.*, 1999; Sureshchandar *et al.*, 2002, 2003 and Yavas *et al.*, 1997). As a result, this study examines customer's expectations and perceptions of service quality from customers and bankers in the Libyan commercial banks to add value and bridge the gap in the literature of bank' service quality by focusing on Libyan banking sector as a developing country. It, therefore, contributes to enrich the limited studies on service quality conducted in developing economies in general and within the Arab countries in particular. This study provides the basis for a comparison with other Arab and developing economies, as well with as developed economies.
- 3) As mentioned in chapter four, there are many researchers who conceptualized service quality as a gap between customers' expectations and perceptions of service quality such as: Lewis, (1991); Kangis and Voukelatos, (1997) and Petridou *et al.*, (2007). However, there are few studies, if any, focused on measurement of service quality from employees and managers viewpoints especially in the banking sector. This issue is important from the standpoint of the banker anticipating what the customer expects in terms of delivered service. Likewise, it could be an important problem for a bank, if their staff think they know best what services the customer wanted, when in fact, they have mistaken beliefs. Therefore, many studies indicated that organizations must not ignore the standpoints of employees that play a key role and influence the provision and delivery of services to customers and they considered that the measurement of service quality by the gap between customers' expectations and perceptions may be insufficient (Mindak and Folger, 1990; Zeithaml *et al.*, 1990 and Athanassopoulos, 1997). Their studies also recommended the necessity and importance of involving all parties concerned with the service process (Schneider *et al.*, 1980; Silvestro and Johnston, 1989; Bitner *et al.*, 1990;

Edvardsson *et al.*, 1994 and Athanassopoulos, 1997). On the other hand, understanding of customers' expectations from employees are an important factor for the improvement and success in service quality and to raise organizations' standards of customer service delivery (Lewis and Entwistle, 1990 and Blanchard and Galloway, 1994). Hence, the value of this study will be justified by the empirical research that will attempt to make an important contribution to the body of knowledge and the literature in the areas of predicting customers' and bankers' perceptions of service quality. Likewise, it should make a contribution to the general body of knowledge on service quality.

9.7 Recommendations of the research

The measurement of service quality can provide specific data that can be used in quality management; hence, service organizations would be able to monitor and maintain quality service. Assessing service quality and offering a better understanding of how various dimensions affect overall service quality would enable organizations to efficiently design the service delivery process. By identification of the strengths and weaknesses pertaining to the dimensions of service quality organizations can lead to increasing efficiency in the allocation of resources so providing improved internal service and ultimately an enhanced service to external customers.

Based on the findings of this research which identified the gap between customers' expectations and perceptions of service quality in the Libyan public and private commercial banks and the gap between bankers perceptions' of customers' expectations and actual customers' expectations show that some gaps (i.e. identified problems) exist in the views of customers and bankers toward the service quality in both banks. Hence the researcher recommends more research in this area to address the issues raised. It is very important for management of both banks to monitor customers' perceptions of the service level provided because low perceptions of the customer may lead to an unfavourable market response (customer dissatisfaction). Such monitoring could be done by periodic customer audits and customer service evaluation. This can help the banks management to decide what corrective actions to take, when to take them, and in which particular segment of the market.

Service quality is the most important factor in the success of new financial services organizations. A competitive edge in banking originates almost exclusively from service quality. Given today's competitive environment, and in response to the quality push and the aspiration of the country to become globally competent, at this juncture, it is believe that it is appropriate for the management of the commercial banks to seriously examine their corporate quality programmes and customer service system. In addition, they must also consider that their performance measures now have to place a value on better responsiveness to customer needs. These measures and changes can be expensive in terms of employee time and effort, but bank management need to find ways to overcome such hurdles, otherwise the increasing competition from international banks can shrink their market shares. Banks must monitor one another to understand the competitive situation and changes in banking services. Information about competitors will assist bank managements to make effective decisions on their provision of services.

In order to create perceptions in the mind of the customer and to gain an advantage in the marketplace, the Libyan banks should continually evaluate service quality. This can be done by formulating and implementing an effective and rigorous service quality policy. This practice will lead to different levels of service quality provided by each bank and consequently the provision of better services to customers, which will help the Libyan banks to compete in the marketplace. For providing these procedures, work processes should be improved and standardized throughout the organization so that they are simple and compatible with customer needs and expectations. This also will help staff to work effectively and efficiently.

Banks should continually assess and reassess how customers perceive their bank services so as to know whether the bank meets or exceeds or is below the expectations of their customers. Such an appraisal, however, is a substantial task because customer service is complex in nature and dynamic in action. Moreover it can vary greatly, from one branch to another and over time. Hence, the efforts of the banking think tank should be not only to compare the customers' expectations with what the bank offers but also efforts have to be made to ensure that these banks provide a level of quality service which exceeds the perceived expectations of customers.

In order to improve quality it is essential to have a clear concept of what quality is and how to measure it. Measuring such quality over time is useful in order to see if improvements have been made or if expectations have changed.

In order to improve service quality, the conducting of customer surveys regularly and increase research in this area, are necessary. The results may illustrate that the banks should improve external communications to their bank customers so that customers create realistic expectations. Therefore, managers need to directly interact with customers in order to gain an insight into customer expectations. To achieve this, managers must spend time to interact and be involved in the delivery of services to customers and also experience service delivery. Service marketers should offer service training programmes to raise the awareness of both management staff and front-line service providers' of customer expectations. The former has then to communicate the service standards to the latter. The banking sector, in both public and private commercial banks, needs to invest in employee training programs that will provide employees with an understanding of service quality particularly at front line levels. Employee training programs should focus on interpersonal communication and customer care factors in order to be able to meet the customers' need for "personalized service". Employees interacting with customers in a professional manner will be able to provide the service with an emphatic approach and will be able to promptly recover service failures so ensuring that the service delivered is consistent with the service promised. This will result in high customer satisfaction and retention; it will also extend the zone of customer tolerance for service failures whilst increasing the recommendation of the bank to other potential customers at the same time as increasing the customer loyalty in such banks. Because some bank staff are not familiar with technology, management needs also to urgently train these employees. To be successful electronic service providers, banks must realize the impact of electronic services on customer perceptions and behaviours, and educate them in the benefits in terms of convenience, there being no limitations of place or time, and of its reliability. Furthermore, the content and focus of service training should be essentially marketing driven with banks marketers communicating clearly their customers' expectations to the personnel department who will then incorporate such inputs into the service training programmes. Front-line service employees should be trained in effective listening skills

and need also enhanced identification skills to enable them to understand customers' expectations better.

The Libyan commercial public and private banks should give attention to all the five SERVQUAL dimensions in order to improve the level of service quality. However, in order to improve the level of service quality more effectively and efficiently, the two Libyan commercial banks should focus their attention on the service quality dimensions that matter most to their customers namely, tangibles and reliability. In other words, the emphasis should be directed towards improving the appearance of their branches and employees by improving the physical facilities of the banks, the materials and equipment associated with the service, including the use of the latest banking technology together with the business-like appearance of its staff regarding the reliability dimension, the Libyan commercial banks should give attention to such aspects as the bank promises to customers and its sympathy with their problems, Aiming to provide proper service to the customer the first time and providing the service at the time promised and offering accurate bank records. Based on the gap analysis for items concerning these dimensions, items such as the physical facilities of bank, the banks' promises to customers, bank sympathy with customer's problems, providing proper service to the customer the first time and providing service at the time promised are shown as the biggest gap in both banks. With such data, the bank could focus on these two aspects of quality to improve its image in the eyes of its prime target group. Thus, the room for improvement by both public and private banks, in providing service quality to bank customers is greatest within these dimensions. The banks must make their reliability the top priority and develop their service system to be simpler, faster, more reliable, more effective, and more responsive to serve customers' needs and so offer customers increased value.

In conclusion, to compete more efficiently and effectively in the marketplace, both public and private banks must be more sensitive in meeting customers' expectations for tangibility and reliability

9.8 Limitations and directions for further research

9.8.1 Limitations of the study

In common with all study, this research is also subject to limitations. However, every care was taken in structuring this research so that these limitations would not significantly affect its contribution. The major limitations of this study are as follows:

Firstly, the study is restricted to a specific geographic area as opposed to the whole of Libya. Due to distance and time constraints, this study focused on the western and eastern regions of Libya. These areas include the largest cities and therefore contain the largest population and greatest number of banks.

Secondly, private banks are a recent provision compared to public banks. The differences in the number of respondents for customers in the public and private banks may somewhat limit the interpretation of the differences between group banks means. If sample sizes for each bank were closer then the results would be more stable and smaller differences between group means would be significant.

Thirdly, the primary limitation is the difficulties associated with all survey-based research. There exists no practical way whereby the researcher can ensure the truthfulness and sincerity of the respondents when completing the survey. In addition, there is no way to ensure that the respondents always understand the essence of each question in the way the researcher needs the respondents to understand it. Given these considerations, it is reasonable to conclude that the respondents may have provided answers that may have slightly deviated from reality. However, the researcher has crosschecked the data across the various levels of investigation to reduce the degree of discrepancies that may have occurred. This limitation could be overcome by conducting further similar case studies in future research efforts.

9.8.2 Directions for future research

Generally speaking, the study of service quality is both important and challenging. The most important reason for that being there is no consensus about definition and measurement of service quality. Further efforts, consequently, should continue to advance the understanding of the concept and the means to measure and improve service quality in Libyan banks. One fruitful and critical area for this being the

measurement of expectations and the related issue of computing perception-minus-expectation gap scores. Many researchers such as Carman (1990) and Babakus and Boller (1992) discuss this subject and make several useful suggestions that are worthy of additional research. In this direction, further research also should focus commensurately on the development of customer satisfaction and its impact on service quality leading to an increase in market share and profits. The work of the staff and their managers is the key to achieving this. Staff should deliver excellence in line with the service standards established while management's role is to enhance and encourage their staff to do effective jobs.

Most research of service quality measurement, especially in the banking sector, concentrated on this measurement from the customers' perspective. Further studies on the expectations and perceptions of employees and managers of the banks services should continue to help these banks have more understanding and interaction with the needs and requirements of their customers.

Further efforts would be appropriate and relevant to replicate the study using customers of international samples. This is because as Libyan banks provide services to international customers such as business travellers, tourists, students and expatriates, it becomes the export of services to foreign markets while from a home base.

There are many studies that highlight service quality in the banking sector and compare customers' expectations and perceptions of service quality from different angles, such as: discrepancy between customers' expectations and perceptions of service quality in terms of the type of bank (Kangis and Voukelatos 1997; and Sharma and Mehta 2005) and the type of customer (Athanassopoulos 1997). Other researchers have studied customer's expectations and perceptions of the quality of service in terms of a different culture (Petridou and Spathis *et al.*, 2007) and nationality of the customer (Lewis 1991) as well as the differences in stages of the life of the customer (Galloway and Blanchard 1996). However, these studies seem to have overlooked the idea of comparing customer's expectations and perceptions of service quality according to kind of activity (commercial, agricultural, industrial and so on). Future research could therefore involve examining types of activity as a comparative factor to evaluate customer's perceptions and expectations of service quality to determine whether kind of activity influences customers' expectations and perceptions of this service quality.

To improve the Libyan service sector in general, directions for future research could involve extending the size and scope of this research study and replicating the research not only in case studies within the banking industry, but also within other service sectors, such as travel, higher education, tourism and health.

Finally, results of this study show that tangibility dimension was the most important dimension with the reliability dimension. This result disagrees with the previous studies. Therefore, more research should be done to investigate whether or not the Libyan context has caused tangibles to be so prominent compared to previous studies.

9.9 Conclusion

This chapter presented conclusions and recommendations on the main findings of the study and the limitations in addition to suggestions for further research.

This study aimed at examining the level of service quality provided by the Libyan banking sector. The conclusions on the main findings demonstrated differences of customers and bankers' viewpoints with regard to service quality provided by Libyan commercial public and private banks. The conclusions that could be drawn from the findings of this study can be summed up as follows:

Firstly, the extensive literature covered by this study revealed that service quality within the banking industry is considered the key to the bank's successful performance. A good service quality helps to project a better image of the bank, which in turn leads to attracting and retaining customers. Secondly, the results of study also indicated that Libyan banks, be they public or private still have a long way to go before achieving adequate levels of service quality. This is in the main, due to several constraints; the UN sanctions and the embargo imposed by the West on Libya have had a negative impact on all sectors of the economy and more particularly on the banking system. Huge efforts have been made since the lifting of the UN sanctions to enhance the status of banks, but there are still many shortcomings in terms of staff development, banking structure and regulations and IT facilities. Thirdly, within the Libyan banking sector, service quality enhancement and customer service is a recent culture which is developing slowly because of public perception of the banks and the still pervasive traditional mentalities. Fourthly, in order for Libyan banking sector to achieve an acceptable level of service

quality and provide customer satisfaction, banks must be seen to be doing more for their customers in terms of service, value and consideration.

Based on these results, the researcher recommends further research in measuring and assessing the quality of services in this sector, improvement communications between the bank and the customer as well as ongoing training for bank employees and finally focuses on the most important dimensions of service quality

The limitations of the study were identified as focusing on specific geographic areas in Libya, shortage of the number of customers of banks comparing public banks and respondents' truthfulness and sincerity when completing the survey. Finally, suggestions for further research were presented including more efforts and researchers to understand and develop the concept and measurement of service quality and customer satisfaction in the banking industry and in particular from the viewpoint of the providers' service. With a focus on the diversity of these efforts to include various clients, activities and sectors so as to development include the entire service sector in general.

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APPENDICES

Appendix 1

Customer Questionnaire

**FACULTY OF BUSINESS AND LAW
LIVERPOOL JOHN MOORSE UNIVERSITY**

Customer Questionnaire

Dear Bank Customer:

The service sector is one of the most important sectors that has developed fast in the economies of both the developed world and developing countries. The banking sector represents one of the essential service sectors which is the largest sector among financial institutions which supply the needs of society. Thus, many researchers have showed that service quality improvement must be driven by customer expectations and perceptions of this quality. Moreover, expectations and perceptions of customers play a key role in customer evaluation of services and banks should identify customers' needs and expectations to ensure a high quality service

Your assistance is needed. I am studying bank customers' expectations concerning the level of service provided by banks. Additionally, I would like your opinions of the service provided by your bank. You have been randomly selected to contribute in this survey. Please read all questions or statements carefully.

Please don't put your name on the questionnaire. No individual answers will be analyzed. Rather, only composite information will be used

If there is any portion of the questionnaire that needs clarification or if you have any questions concerning the study please feel free to contact me at 092 543 8122 or M.Zultom@2007.ljmu.ac.uk Thank you for your assistance in providing this valuable information.

Section A: Customers' expectations of service.

Based on your experiences as a customer in your bank, please think about the quality of service. Please show the extent to which you think the bank would possess the feature described by each statement. If you feel a feature is not at all essential for your bank such as the one you have in mind, circle the number 1. If you feel a feature is absolutely essential for your bank, circle 7. If your feelings are less strong, circle one of the numbers in the middle. There are no right or wrong answers - all we are interested in is the number that truly reflects your feelings regarding the quality of service.

	Strongly disagree	Disagree	Slightly disagree	Neutral	Agree slightly	Agree	Strongly agree
1. My bank should have up-to-date equipment.							
2. The physical facilities of my bank should be visually appealing.							
3. Employees of my bank should be well dressed and appear neat.							
4. The appearance of the physical facilities of my bank is in keeping with the type of services provided.							
5. When my bank promises to do something by a certain time, it will do so.							
6. The employees of my bank should be sympathetic to solving customer problems							
7. The services of my bank should be performed right the first time.							
8. My bank will deliver their services at the time they promise to do so.							
9. My bank should keep their records accurately.							
10. Employees of my bank will tell customers exactly when services will be provided.							
11. Employees in my bank should give prompt service.							
12. My bank's employees should always be willing to help customers.							
13. Employees in my bank should never be too busy to respond to customers' requests.							
14. The behaviour of employees in my bank should instil confidence in customers.							
15. Customers of my bank should feel safe in all their transactions.							
16. Employees of my bank should be polite with customers.							
17. Employees in my bank should have the knowledge to answer customers' questions.							
18. My bank should give customers individual attention.							
19. Employees of my bank should give their customers personal attention.							
20. My bank employees should understand the specific needs of their customers.							
21. My bank should have a customer's best interests at heart.							
22. The operating hours of my bank should be convenient to all of their customers.							
23. Charges levied by my bank are clear and justified.							

Section B: customers' perceptions of service quality.

The following set of statements relate to your perceptions of the service delivered by your bank. For each statement, please show the extent to which you believe the bank has the feature described by the statement. Once again, circling a "1" means that you strongly disagree that your bank has this feature and circling a "7" means that you strongly agree. You may circle any of the numbers in the middle that show how strong your feelings are. There are no right or wrong answers - all we are interested in is a number that best shows your perceptions about your bank.

	Strongly disagree	disagree	Slightly disagree	Neutral	Slightly agree	Agree	Strongly agree
1. My bank has up-to-date equipment.							
2. The physical facilities at my bank are visually appealing.							
3. Employees at my bank are neat in appear neat.							
4. The appearance of the physical facilities at my bank is in keeping with the type of services provided.							
5. When my bank promises to do something by a certain time, it does so.							
6. When customer has problem, my bank shows a sincere interest in solving it.							
7. My bank performs the service right the first time.							
8. My bank provides its services at the time it promise to do so.							
9. My bank insists on error free records.							
10. Employees of my bank tell customers exactly when services will be performed.							
11. Employees of my bank give prompt service to customers.							
12. Employees of my bank are always willing to help customers.							
13. Employees in my bank are never too busy to respond to customers' requests.							
14. The behaviour of employees in my bank instils confidence in customers.							
15. Customers of my bank feel safe in their dealing with the bank.							
16. Employees in my bank are consistently courteous with customers.							
17. Employees in my bank have the knowledge to answer customers' questions.							
18. My bank gives customers individual attention.							
19. My bank has employees who give customers personal attention.							
20. Employees of my bank understand the specific needs of their customers.							
21. My bank has the customers' best interests at heart.							
22. My bank has operating hours convenient to all their customers.							
23. Charges levied by my bank are clear and justified.							

Section C: Listed below are five features pertaining to banks and the services they offer. Please allocate 100 points among the five features according to how important you believe each feature is to your bank customers - the more important it is to the customer, the more points you allocate. Please insure that the allocated points for the five features add up to 100 points.

- | | |
|---|-------------------|
| 1. The appearance of the bank's physical facilities, equipment, personnel, and communication materials. | points |
| 2. The bank's ability to perform the promised service dependably and accurately | points |
| 3. The bank's willingness to help customers and provide prompt service. | points |
| 4. The knowledge and courtesy of the bank's employees and their ability to convey trust and confidence. | points |
| 5. The caring, individualized attention the bank provides its customers. | points |
| Total points allocated | 100 points |

Section D: Personal information

For purpose of classification, I would like to ask you a number of questions related to yourself. You can be assured that all information you provide will be treated with the strictest confidence. Please respond by circling the appropriate number.

- | | | |
|--|--|---|
| 1. Gender (Tick box) | <input type="checkbox"/> Male | <input type="checkbox"/> Female |
| 2. Your Age (Tick box) | <input type="checkbox"/> 18 to 30 years old | <input type="checkbox"/> 31 to 40 years old |
| | <input type="checkbox"/> 41 to 50 years old | <input type="checkbox"/> 51 to 60 years old |
| | <input type="checkbox"/> 61 years old and older | |
| 3. The highest educational qualification do you have: (Tick box) | | |
| | <input type="checkbox"/> Intermediate Diploma and less | <input type="checkbox"/> Higher Diploma |
| | <input type="checkbox"/> Bachelor degree | <input type="checkbox"/> Master degree |
| | <input type="checkbox"/> PhD. Degree | <input type="checkbox"/> other (please specify) |
| 4. Bank status (Tick box) | <input type="checkbox"/> Commercial Private Bank | (Please specify any branch) |
| | <input type="checkbox"/> Commercial Public Bank | (Please specify any branch) |
| 5. Time with bank (Tick box) | <input type="checkbox"/> 1 to 5 years | <input type="checkbox"/> 6 to 10 years |
| | <input type="checkbox"/> 11 to 15 years | <input type="checkbox"/> 16 to 20 years |
| | <input type="checkbox"/> More than 20 years | |

Is there anything else you would like to tell us about the quality of service provided by your bank? If so, please use this space for that purpose.

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Thank you very much for your cooperation.

Appendix 2
Managers Questionnaire

FACULTY OF BUSINESS AND LAW
LIVERPOOL JOHN MOORSE UNIVERSITY

Bank Managers' Questionnaire

Dear Bank Manager:

The service sector is one of the most important sectors that has developed fast in the economies of both the developed world and developing countries. The banking sector represents one of the essential service sectors which is the largest sector among financial institutions which supply the needs of society. Thus, many researchers have showed that service quality improvement must be driven by customer expectations and perceptions of this quality. Moreover, expectations and perceptions of customers play a key role in customer evaluation of services and banks should identify customers' needs and expectations to ensure a high quality service

Your assistance is needed. I am studying bank customers' expectations concerning the level of service provided by banks. Additionally, I would like your opinions of the service provided by your bank. You have been randomly selected to contribute in this survey. Please read all questions or statements carefully.

Please don't put your name on the questionnaire. No individual answers will be analyzed. Rather, only composite information will be used

If there is any portion of the questionnaire that needs clarification or if you have any questions concerning the study please feel free to contact me at 092 543 8122 or M.Zultom@2007.ljmu.ac.uk Thank you for your assistance in providing this valuable information.

Section A: Bank managers' perceptions about customers' expectations

To what extent do you agree or disagree with the following statements as to your customer's expectations about the service you provide.

	Strongly disagree	Disagree	Slightly disagree	Neutral	Slightly agree	Agree	Strongly agree
1. Your bank should have up-to-date equipment.							
2. The physical facilities of your bank should be visually appealing.							
3. You should be neat in appear neat.							
4. The appearance of the physical facilities at your bank should be in keeping with the type of services provided.							
5. When your bank promises to do something by a certain time, it does so.							
6. When customer has problem, your bank should show a sincere interest in solving it.							
7. Your bank should perform the service right the first time.							
8. Your bank should provide its services at the time it promise to do so.							
9. Your bank should insist on error free records.							
10. You should tell customers exactly when services will be performed.							
11. You should give prompt service to customers.							
12. You should always willing to help customers.							
13. You should never too busy to respond to customers' requests.							
14. Your behaviour should instil confidence in customers.							
15. Customers of your bank should feel safe in their dealing with the bank.							
16. You should consistently be courteous with customers.							
17. You should have the knowledge to answer customers' questions.							
18. Your bank should give customers individual attention.							
19. You should give customers personal attention.							
20. You should understand the specific needs of their customers.							
21. You should have the customers' best interests at heart.							
22. You should have operating hours convenient to all their customers.							
23. Charges levied by your bank should be clear and justified.							

Section B: Listed below are five features pertaining to banks and the services they offer. Please allocate 100 points among the five features according to how important you believe each feature is to your bank customers - the more important it is to the customer, the more points you allocate. Please insure that the allocated points for the five features add up to 100 points.

1. The appearance of the bank's physical facilities,
equipment, personnel, and communication materials. points
 2. The bank's ability to perform the promised service
dependably and accurately points
 3. The bank's willingness to help customers and provide
prompt service. points
 4. The knowledge and courtesy of the bank's employees
and their ability to convey trust and confidence. points
 5. The caring, individualized attention the bank provides its
customers. points
- Total points allocated** **100 points**

Section C: Personal information

For purpose of classification, I would like to ask you a number of questions related to yourself. You can be assured that all information you provide will be treated with the strictest confidence. Please respond by circling the appropriate number.

- 1. Gender (Tick box) Male Female
- 2. Your Age (Tick box) 18 to 30 years old 31 to 40 years old
 - 41 to 50 years old 51 to 60 years old
 - 61 years old and older
- 3. The highest educational qualification do you have: (Tick box)
 - Intermediate Diploma and less Higher Diploma
 - Bachelor degree Master degree
 - PhD. Degree Other (please specify)
- 4. Bank status (Tick box) Commercial Private Bank (Please specify any branch)
 - Commercial Public Bank (Please specify any branch)
- 5. Duration of work with bank (Tick box)
 - 1 to 5 years 6 to 10 years
 - 11 to 15 years 16 to 20 years
 - More than 20 years

Is there anything else you would like to tell us about the quality of service provided by your bank? If so, please use this space for that purpose.

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Thank you very much for your cooperation.

Appendix 3

Employees Questionnaire

**FACULTY OF BUSINESS AND LAW
LIVERPOOL JOHN MOORSE UNIVERSITY**

Bank Employees' Questionnaire

Dear Bank Employee:

The service sector is one of the most important sectors that has developed fast in the economies of both the developed world and developing countries. The banking sector represents one of the essential service sectors which is the largest sector among financial institutions which supply the needs of society. Thus, many researchers have showed that service quality improvement must be driven by customer expectations and perceptions of this quality. Moreover, expectations and perceptions of customers play a key role in customer evaluation of services and banks should identify customers' needs and expectations to ensure a high quality service

Your assistance is needed. I am studying bank customers' expectations concerning the level of service provided by banks. Additionally, I would like your opinions of the service provided by your bank. You have been randomly selected to contribute in this survey. Please read all questions or statements carefully.

Please don't put your name on the questionnaire. No individual answers will be analyzed. Rather, only composite information will be used

If there is any portion of the questionnaire that needs clarification or if you have any questions concerning the study please feel free to contact me at 092 543 8122 or M.Zultom@2007.ljmu.ac.uk Thank you for your assistance in providing this valuable information.

Section A: Bank employees' perceptions about customers' expectations

To what extent do you agree or disagree with the following statements as to your customer's expectations about the service you provide.

	Strongly disagree	Disagree	Slightly disagree	Neutral	Slightly agree	Agree	Strongly agree
1. Your bank should have up-to-date equipment.							
2. The physical facilities of your bank should be visually appealing.							
3. You should be neat in appear neat.							
4. The appearance of the physical facilities at your bank should be in keeping with the type of services provided.							
5. When your bank promises to do something by a certain time, it does so.							
6. When customer has problem, your bank should show a sincere interest in solving it.							
7. Your bank should perform the service right the first time.							
8. Your bank should provide its services at the time it promise to do so.							
9. Your bank should insist on error free records.							
10. You should tell customers exactly when services will be performed.							
11. You should give prompt service to customers.							
12. You should always willing to help customers.							
13. You should never too busy to respond to customers' requests.							
14. Your behaviour should instil confidence in customers.							
15. Customers of your bank should feel safe in their dealing with the bank.							
16. You should consistently be courteous with customers.							
17. You should have the knowledge to answer customers' questions.							
18. Your bank should give customers individual attention.							
19. You should give customers personal attention.							
20. You should understand the specific needs of their customers.							
21. You should have the customers' best interests at heart.							
22. You should have operating hours convenient to all their customers.							
23. Charges levied by your bank should be clear and justified.							

Section B: Listed below are five features pertaining to banks and the services they offer. Please allocate 100 points among the five features according to how important you believe each feature is to your bank customers - the more important it is to the customer, the more points you allocate. Please insure that the allocated points for the five features add up to 100 points.

- | | |
|--|-------------------|
| 1. The appearance of the bank's physical facilities,
equipment, personnel, and communication materials. | points |
| 2. The bank's ability to perform the promised service
dependably and accurately | points |
| 3. The bank's willingness to help customers and provide
prompt service. | points |
| 4. The knowledge and courtesy of the bank's employees
and their ability to convey trust and confidence. | points |
| 5. The caring, individualized attention the bank provides its
customers. | points |
| Total points allocated | 100 points |

Section C: Personal information

For purpose of classification, I would like to ask you a number of questions related to yourself. You can be assured that all information you provide will be treated with the strictest confidence. Please respond by circling the appropriate number.

- 1. Gender (Tick box) Male Female
- 2. Your Age (Tick box) 18 to 30 years old 31 to 40 years old
- 41 to 50 years old 51 to 60 years old
- 61 years old and older

3. The highest educational qualification do you have: (Tick box)

- Intermediate Diploma and less Higher Diploma
- Bachelor degree Master degree
- PhD. Degree Other (please specify)

- 4. Bank status (Tick box) Commercial Private Bank (Please specify any branch)
- Commercial Public Bank (Please specify any branch)

- 5. Duration of work with bank (Tick box) 1 to 5 years 6 to 10 years
- 11 to 15 years 16 to 20 years
- More than 20 years

Is there anything else you would like to tell us about the quality of service provided by your bank? If so, please use this space for that purpose.

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Thank you very much for your cooperation.

Appendix 4

The Arabic Version of Customer Questionnaire

إستبيان لقياس جودة الخدمات في قطاع المصارف الليبية

أخي الكريم / أختي الكريمة
السلام عليكم ورحمة الله وبركاته،،،

يعتبر قطاع الخدمات واحد من أهم القطاعات التي تطورت بسرعة في اقتصاديات كل من الدول المتقدمة و النامية، وكما هو معروف أن القطاع المصرفي يمثل واحدا من قطاعات الخدمات الأساسية والذي يمثل اكبر قطاع من بين المؤسسات المالية التي توفر احتياجات المجتمع.

وعلي هذا الأساس فإن العديد من الباحثين في مجال خدمات التسويق بينوا أن نجاح جودة الخدمات في القطاع المصرفي تعتبر عامل هام لنجاح هذا القطاع و تطوير جودة الخدمات فيه يجب أن يركز علي توقعات ومدركات الزبائن لهذه الخدمة. توقعات ومدركات الزبائن في مجال التسويق المصرفي أيضا تلعب دورا هاما في تقييم الزبائن لهذه الخدمات، وينبغي علي المصارف تحديد احتياجات وتوقعات الزبائن لضمان جودة خدمات عالية.

لذلك أخي (زبون المصرف) تهدف هذه الدراسة لقياس وتطوير جودة الخدمات في القطاع المصرفي الليبي من خلال التعرف علي رأيك في مستوي الخدمة المقدمة من هذه المصارف وذلك من خلال مجموعتين من الأسئلة، تقيس المجموعة الأولى توقعاتك لما ينبغي أن تكون عليه الخدمة في المصرف وتقيس المجموعة الثانية جودة الخدمة الفعلية المقدمة من المصرف الذي تتعامل معه.

أخي الزبون نرجو تكرمكم بالإجابة عن الأسئلة المرفقة حسب رأيكم، حيث أن هذا الاستبيان يمثل جزء من عملية جمع معلومات لرسالة دكتوراه. هذا ولن يتم استخدام المعلومات المحصلة من هذا المسح إلا لغرض البحث العلمي. كما يتوجه الباحث بجزيل الشكر والتقدير لكل من ساهم في تحسين جودة الخدمة المقدمة من المصارف خلال مشاركته في هذا الاستبيان. إذا كان هناك أي جزء من الاستبيان يحتاج إلى توضيح من فضلك اتصل علي:

هاتف 0925438122

إميل M.Zultom@2007.ljmu.ac.uk

الباحث

محمد مصباح زلطوم

جامعة جون مورس

ليفربول – المملكة المتحدة

الجزء الأول: قياس الخدمة المتوقعة

بناءً على تعاملك السابق والحالي مع المصرف، نرجو تحديد مستوى جودة الخدمة لذي مصرفك من خلال اختيار المستوى الذي يعكس بصدق توقعك لما ينبغي أن تكون عليه جودة الخدمة. لاحظ أن المراد هنا ليس معرفة ما تتمنى أن تحصل عليه من خدمة عالية، إنما المراد هو تحديد توقعك لجودة الخدمة التي ستحصل عليها عند تعاملك مع البنك.

غير موافق بشدة	غير موافق	غير موافق إلى حد ما	محايد	موافق إلى حد ما	موافق	موافق بشدة	العبارة	
							المصرف يستخدم معدات وأجهزة حديثة.	1
							المظهر العام لمرافق المصرف جذاب وملفت.	2
							موظفو المصرف يتميزون بحسن المظهر وأناقة الملابس.	3
							المظهر العام للمصرف يتلاءم مع طبيعة الخدمة المقدمة.	4
							المصرف يفي دائما بوعوده للزبائن	5
							المصرف يتعاطف مع مشاكل الزبائن ويسعى دائما لحلها.	6
							المصرف ينبغي أن يقدم الخدمة الصحيحة للزبون من أول مرة.	7
							المصرف يقدم الخدمة في الوقت الذي وعد بها سابقا.	8
							المصرف يحتفظ بسجلات دقيقة لمعاملاته.	9
							موظفي المصرف يخبروا الزبون متى ستقدم له الخدمة.	10
							موظفو المصرف يقدمون خدمات فورية وسريعة لزيابائهم.	11
							موظفو المصرف يكونوا مستعدون دائما لمساعدة زبائهم.	12
							موظفو المصرف لا ينشغلون أبدا عن الاستجابة لطلبات الزبائن.	13
							سلوك موظفو المصرف يغرس الثقة في الزبائن.	14
							الزبائن يشعرون بالأمان والثقة في تعاملاتهم مع المصرف.	15
							موظفو المصرف يعاملون الزبائن بسلوك مهذب.	16
							موظفو المصرف يملكون المعرفة والفهم الكافي للرد على استفسارات الزبائن.	17
							المصرف يمنح زبائنه رعاية فردية خاصة.	18
							موظفو المصرف يمنحون زبائهم رعاية شخصية خاصة.	19
							موظفو المصرف يدركون احتياجات زبائهم بشكل دقيق ومفصل.	20
							المصرف يجعل مصلحة زبائنه في مقدمة اهتماماته.	21
							ساعات الدوام لدي المصرف تكون ملائمة لجميع الزبائن.	22
							المصاريف والعمولات التي يتقاضاها المصرف تكون واضحة ومبررة للزبائن.	23

الجزء الثاني: قياس الخدمة الفعلية

هذه المجموعة من العبارات تحاول قياس مستوى الخدمات الفعلية التي يقدمها البنك الذي تتعامل معه، لذلك نرجو تحديد مستوى الخدمة الذي تحصل عليه فعليا من البنك الذي تتعامل معه.

غير موافق بشدة	غير موافق	غير موافق إلى حد ما	محايد	موافق إلى حد ما	موافق	موافق بشدة	العبارة	
							مصرفي يستخدم معدات وأجهزة حديثة	1
							المظهر العام لمراقب مصرفي جذاب وملفت.	2
							موظفو مصرفي يتميزون بحسن المظهر وأناقة الملابس.	3
							المظهر العام لمصرفي يتلاءم مع طبيعة الخدمة المقدمة.	4
							مصرفي دائما يفي بوعوده لي.	5
							مصرفي يتعاطف دائما مع مشاكلي ويسعى لحلها.	6
							مصرفي يقدم الخدمة الصحيحة لي ومن أول مرة.	7
							مصرفي يقدم لي الخدمة في الوقت الذي وعدني به سابقا.	8
							مصرفي يحتفظ بسجلات دقيقة لمعاملاته.	9
							موظفو مصرفي يخبروني متي ستقدم لي الخدمة.	10
							موظفو مصرفي يقدموا لي خدمات فورية وسريعة.	11
							موظفو مصرفي مستعدون دائما لمساعدتي.	12
							موظفو مصرفي لا ينشغلون أبدا عن الاستجابة لطلباتي.	13
							سلوك موظفي مصرفي تغرس الثقة في.	14
							اشعر بالأمان والثقة في تعاملاتي مع مصرفي.	15
							موظفو مصرفي يعاملوني بسلوك مهذب.	16
							موظفو مصرفي يملكون المعرفة والفهم الكافي للرد علي استفساراتي.	17
							مصرفي يمنحني رعاية فردية خاصة.	18
							موظفو مصرفي يمنحوني رعاية شخصية خاصة.	19
							موظفو مصرفي يدركون احتياجاتي بشكل دقيق ومفصل.	20
							مصرفي يجعل مصلحتي في مقدمة اهتماماته.	21
							ساعات الدوام لدي مصرفي ملائمة لي.	22
							المصاريف والعمولات التي يتقاضاها مصرفي تكون واضحة ومبررة لي.	23

الجزء الثالث: الأهمية النسبية لأبعاد جودة الخدمات
تتلخص عملية قياس جودة الخدمات في خمسة أبعاد رئيسية هي:
1. الملموسات 2. الثقة 3. الاستجابة 4. الأمان 5. التعاطف

- الرجاء تحديد الأهمية النسبية لهذه الأبعاد الخمسة وذلك بتخصيص نسبة معينة لكل بعد من أصل 100 نقطة توزع علي هذه الأبعاد حسب أهميتها من وجهة نظرك.

الملموسات : وتشمل كافة تسهيلات ومعدات ومظهر البنك وكذلك المظهر العام للموظفين (%....)
الثقة: وتعني قدرة المصرف علي إنجاز الخدمة المتعهد بها بثقة وبشكل دقيق (%.....)
الاستجابة: وتعني رغبة واستعداد المصرف في مساعدة الزبائن وتقديم الخدمة الفورية لهم (%....)
الأمان: ويشمل معرفة ومعاملة الموظفين للزبائن وقدرتهم علي غرس الثقة والأمان بينهم (%....)
التعاطف: ويعني مستوي العناية والاهتمام الشخصي المقدم للزبون (%....)
الإجمالي (%100)

الجزء الرابع البيانات الشخصية للزبون.

1- الجنس: من فضلك اختيار الجنس المناسب ذكر أنثى

2- العمر: من فضلك اختيار العمر المناسب

من 18 إلي 30 سنة من 31 إلي 40 سنة
 من 41 إلي 50 سنة من 51 إلي 60 سنة
 من 61 سنة فأكثر

3- المستوي التعليمي: من فضلك اختيار المستوي التعليمي المناسب

دبلوم متوسط وائل دبلوم عالي
 بكالوريوس ماجستير
 دكتوراه

4- نوع البنك: من فضلك اختيار المصرف الذي تتعامل معه

● مصرف تجاري عام (فرع)
● مصرف تجاري خاص (فرع)

5- مدة التعامل مع البنك: من فضلك اختيار الإجابة المناسبة لفترة تعاملك مع المصرف

من 1 إلي 5 سنوات من 6 إلي 10 سنوات
 من 11 إلي 15 سنة من 16 إلي 20 سنة
 أكثر من 20 سنة

شكرا لحسن تعاونك

Appendix 5

The Arabic Version of Manager Questionnaire

إستبيان لقياس جودة الخدمات في قطاع المصارف الليبية

أخي الكريم / أختي الكريمة
السلام عليكم ورحمة الله وبركاته،،،

يعتبر قطاع الخدمات واحد من أهم القطاعات التي تطورت بسرعة في اقتصاديات كل من الدول المتقدم والنامية، وكما هو معروف أن القطاع المصرفي يمثل واحدا من قطاعات الخدمات الأساسية والذي يمثل أكبر قطاع من بين المؤسسات المالية التي توفر احتياجات المجتمع.

وعلي هذا الأساس فإن العديد من الباحثين في مجال خدمات التسويق بينوا أن نجاح جودة الخدمات في القطاع المصرفي تعتبر عامل هام لنجاح هذا القطاع و تطوير جودة الخدمات فيه يجب أن يركز علي توقعات ومدركات الزبائن لهذه الخدمة. توقعات ومدركات الزبائن في مجال التسويق المصرفي أيضا تلعب دورا هاما في تقييم الزبائن لهذه الخدمات، وينبغي علي المصارف تحديد احتياجات وتوقعات الزبائن لضمان جودة خدمات عالية.

لذلك أخي (زبون المصرف) تهدف هذه الدراسة لقياس وتطوير جودة الخدمات في القطاع المصرفي الليبي من خلال التعرف علي رأيك في مستوي الخدمة المقدمة من هذه المصارف وذلك من خلال مجموعتين من الأسئلة، تقيس المجموعة الأولى توقعاتك لما ينبغي أن تكون عليه الخدمة في المصرف وتقيس المجموعة الثانية جودة الخدمة الفعلية المقدمة من المصرف الذي تتعامل معه.

أخي الزبون نرجو تكرمكم بالإجابة عن الأسئلة المرفقة حسب رأيكم، حيث أن هذا الاستبيان يمثل جزء من عملية جمع معلومات لرسالة دكتوراه. هذا ولن يتم استخدام المعلومات المحصلة من هذا المسح إلا لغرض البحث العلمي. كما يتوجه الباحث بجزيل الشكر والتقدير لكل من ساهم في تحسين جودة الخدمة المقدمة من المصارف خلال مشاركته في هذا الاستبيان. إذا كان هناك أي جزء من الاستبيان يحتاج إلى توضيح من فضلك اتصل علي:

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الباحث

محمد مصباح زلطوم

جامعة جون مورس

ليفربول – المملكة المتحدة

الجزء الثاني: الأهمية النسبية لأبعاد جودة الخدمات
 تتلخص عملية قياس جودة الخدمات في خمسة أبعاد رئيسية هي:
 1. الملموسات 2. الثقة 3. الاستجابة 4. الأمان 5. التعاطف

- الرجاء تحديد الأهمية النسبية لهذه الأبعاد الخمسة وذلك بتخصيص نسبة معينة لكل بعد من أصل 100 نقطة توزع علي هذه الأبعاد حسب أهميتها من وجهة نظرك.

- الملموسات : وتشمل كافة تسهيلات ومعدات ومظهر البنك وكذلك المظهر العام للموظفين (%....)
 الثقة: وتعني قدرة المصرف علي إنجاز الخدمة المتعهد بها بثقة وبشكل دقيق (%....)
 الاستجابة: وتعني رغبة واستعداد المصرف في مساعدة الزبائن وتقديم الخدمة الفورية لهم (%....)
 الأمان: ويشمل معرفة ومعاملة الموظفين للزبائن وقدرتهم علي غرس الثقة والأمان بينهم (%....)
 التعاطف: ويعني مستوي العناية والاهتمام الشخصي المقدم للزبون (%....)
 الإجمالي (%....)

الجزء الثالث: البيانات الشخصية للمدير.

- 1- الجنس: من فضلك اختيار الجنس المناسب ذكر أنثى
- 2- العمر: من فضلك اختيار العمر المناسب
- من 18 إلي 30 سنة من 31 إلي 40 سنة
 من 41 إلي 50 سنة من 51 إلي 60 سنة
 من 61 سنة فأكثر
- 3- المستوي التعليمي: من فضلك اختيار المستوي التعليمي المناسب
- دبلوم متوسط و اقل دبلوم عالي
 بكالوريوس ماجستير
 دكتوراه
- 4- نوع البنك: من فضلك اختيار المصرف الذي تتعامل معه
- مصرف تجاري عام (فرع)
 ● مصرف تجاري خاص (فرع)
- 5- مدة التعامل مع البنك: من فضلك اختيار الإجابة المناسبة لفترة تعاملك مع المصرف
- من 1 إلي 5 سنوات من 6 إلي 10 سنوات
 من 11 إلي 15 سنة من 16 إلي 20 سنة
 أكثر من 20 سنة

شكرا لحسن تعاونك

Appendix 6

The Arabic Version of Employees Questionnaire

إستبيان لقياس جودة الخدمات في قطاع المصارف الليبية

أخي الكريم / أختي الكريمة
السلام عليكم ورحمة الله وبركاته،،،

يعتبر قطاع الخدمات واحد من أهم القطاعات التي تطورت بسرعة في اقتصاديات كل من الدول المتقدم والنامية، وكما هو معروف أن القطاع المصرفي يمثل واحدا من قطاعات الخدمات الأساسية والذي يمثل أكبر قطاع من بين المؤسسات المالية التي توفر احتياجات المجتمع.

وعلي هذا الأساس فإن العديد من الباحثين في مجال خدمات التسويق بينوا أن نجاح جودة الخدمات في القطاع المصرفي تعتبر عامل هام لنجاح هذا القطاع و تطوير جودة الخدمات فيه يجب أن يركز علي توقعات ومدركات الزبائن لهذه الخدمة. توقعات ومدركات الزبائن في مجال التسويق المصرفي أيضا تلعب دورا هاما في تقييم الزبائن لهذه الخدمات، وينبغي علي المصارف تحديد احتياجات وتوقعات الزبائن لضمان جودة خدمات عالية.

لذلك أخي (زبون المصرف) تهدف هذه الدراسة لقياس وتطوير جودة الخدمات في القطاع المصرفي الليبي من خلال التعرف علي رأيك في مستوي الخدمة المقدمة من هذه المصارف وذلك من خلال مجموعتين من الأسئلة، تقيس المجموعة الأولى توقعاتك لما ينبغي أن تكون عليه الخدمة في المصرف وتقيس المجموعة الثانية جودة الخدمة الفعلية المقدمة من المصرف الذي تتعامل معه.

أخي الزبون نرجو تكرمكم بالإجابة عن الأسئلة المرفقة حسب رأيكم، حيث أن هذا الاستبيان يمثل جزء من عملية جمع معلومات لرسالة دكتوراه. هذا ولن يتم استخدام المعلومات المحصلة من هذا المسح إلا لغرض البحث العلمي. كما يتوجه الباحث بجزيل الشكر والتقدير لكل من ساهم في تحسين جودة الخدمة المقدمة من المصارف خلال مشاركته في هذا الاستبيان. إذا كان هناك أي جزء من الاستبيان يحتاج إلى توضيح من فضلك اتصل علي:

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الباحث

محمد مصباح زلطوم

جامعة جون مورس

ليفربول – المملكة المتحدة

الجزء الأول: مدركات موظفو البنك حول توقعات الزبائن لخدمات البنك

الرجاء بيان إلي أي مدا توافق أو لا توافق علي البنود المبينة أدناه فيما يتعلق بتوقعات الزبائن للخدمات المقدمة من مصرفكم

غير موافق بشدة	غير موافق	غير موافق إلي حد ما	محايد	موافق إلي حد ما	موافق	موافق بشدة	العبارة	
							مصرفكم ينبغي أن يستخدم معدات وأجهزة حديثة.	1
							المظهر العام لمرافق المصرف ينبغي أن يكون جذاب وملفت.	2
							موظفو مصرفكم ينبغي أن يتميزوا بحسن المظهر وأناقة الملابس.	3
							المظهر العام لمصرفكم ينبغي أن يتلاءم مع طبيعة الخدمة المقدمة.	4
							مصرفكم ينبغي أن يفي دائما بوعوده للزبائن	5
							مصرفكم ينبغي أن يتعاطف مع مشاكل الزبائن ويسعى دائما لحلها.	6
							مصرفكم ينبغي أن يقدم الخدمة الصحيحة للزبون من أول مرة.	7
							مصرفكم ينبغي أن يقدم الخدمة في الوقت الذي وعد بها سابقا.	8
							مصرفكم ينبغي أن يحتفظ بسجلات دقيقة لمعاملاته.	9
							موظفو مصرفكم ينبغي أن يخبروا الزبون متى ستقدم له الخدمة.	10
							موظفو مصرفكم ينبغي أن يقدموا خدمات فورية وسريعة لزبائنهم.	11
							موظفو مصرفكم ينبغي أن يكونوا مستعدون دائما لمساعدة زبائنهم.	12
							موظفو مصرفكم ينبغي أن لا ينشغلوا أبدا عن الاستجابة لطلبات الزبائن.	13
							سلوك موظفو مصرفكم ينبغي أن يغرس الثقة في الزبائن.	14
							الزبائن ينبغي أن يشعروا بالأمان والثقة في تعاملاتهم مع المصرف.	15
							موظفو مصرفكم ينبغي أن يعاملون الزبائن بسلوك مهذب.	16
							موظفو مصرفكم ينبغي أن يملكون المعرفة والفهم الكافي للرد علي استفسارات الزبائن.	17
							مصرفكم ينبغي أن يمنح زبائنه رعاية فردية خاصة.	18
							موظفو مصرفكم ينبغي أن يمنحون زبائنهم رعاية شخصية خاصة.	19
							موظفو مصرفكم ينبغي أن يدركون احتياجات زبائنهم بشكل دقيق ومفصل.	20
							مصرفكم ينبغي أن يجعل مصلحة زبائنه في مقدمة اهتماماته.	21
							ساعات الدوام لدى مصرفكم ينبغي أن تكون ملائمة لجميع الزبائن.	22
							المصاريف والعمولات التي يتقاضاها مصرفكم ينبغي أن تكون واضحة ومبررة للزبائن.	23

الجزء الثاني: الأهمية النسبية لأبعاد جودة الخدمات

تتلخص عملية قياس جودة الخدمات في خمسة أبعاد رئيسية هي:
1. الملموسات 2. الثقة 3. الاستجابة 4. الأمان 5. التعاطف

- الرجاء تحديد الأهمية النسبية لهذه الأبعاد الخمسة وذلك بتخصيص نسبة معينة لكل بعد من أصل 100 نقطة توزع علي هذه الأبعاد حسب أهميتها من وجهة نظرك.

(%....)	الملموسات : وتشمل كافة تسهيلات ومعدات ومظهر البنك وكذلك المظهر العام للموظفين
(%.....)	الثقة: وتعني قدرة المصرف علي إنجاز الخدمة المتعهد بها بثقة وبشكل دقيق
(%....)	الاستجابة: وتعني رغبة واستعداد المصرف في مساعدة الزبائن وتقديم الخدمة الفورية لهم
(%....)	الأمان: ويشمل معرفة ومجاملة الموظفين للزبائن وقدرتهم علي غرس الثقة والأمان بينهم
(%.....)	التعاطف: ويعني مستوي العناية والاهتمام الشخصي المقدم للزبون
(%100)	الإجمالي

الجزء الثالث: البيانات الشخصية للموظف.

1- الجنس: من فضلك اختيار الجنس المناسب ذكر أنثى

2- العمر: من فضلك اختيار العمر المناسب

- من 18 إلي 30 سنة
 من 31 إلي 40 سنة
 من 41 إلي 50 سنة
 من 51 إلي 60 سنة
 من 61 سنة فأكثر

3- المستوي التعليمي: من فضلك اختيار المستوي التعليمي المناسب

- دبلوم متوسط و اقل
 دبلوم عالي
 بكالوريوس
 دكتوراه
 ما جستير

4- نوع البنك: من فضلك اختيار المصرف الذي تتعامل معه

- مصرف تجاري عام
 مصرف تجاري خاص
(فرع)

5- مدة التعامل مع البنك: من فضلك اختيار الإجابة المناسبة لفترة تعاملك مع المصرف

- من 1 إلي 5 سنوات
 من 6 إلي 10 سنوات
 من 11 إلي 15 سنة
 من 16 إلي 20 سنة
 أكثر من 20 سنة

شكرا لحسن تعاونك

Appendix 7
The T-test Results

Means between Customers' expectations in Public and Private Banks

	Bank	N	Mean	Std. Deviation	Std. Error Mean
Using up-to-date equipment	Commercial Public Bank	251	6.54	.744	.047
	Commercial private Bank	198	6.61	.710	.050
The physical facilities of bank	Commercial Public Bank	251	6.05	1.167	.074
	Commercial private Bank	198	6.16	.984	.070
The appearance of bank employees	Commercial Public Bank	251	6.34	.826	.052
	Commercial private Bank	198	6.48	.643	.046
Bank suitability appearance with the nature of service provided	Commercial Public Bank	251	5.83	1.175	.074
	Commercial private Bank	198	6.14	.918	.065
SUMTAN	Commercial Public Bank	251	6.1912	.78472	.04953
	Commercial private Bank	198	6.3485	.63056	.04481
The bank promises to customers	Commercial Public Bank	251	6.34	1.013	.064
	Commercial private Bank	198	6.29	1.029	.073
Bank Sympathy with customer's problems	Commercial Public Bank	251	6.03	1.176	.074
	Commercial private Bank	198	5.79	1.249	.089
Providing proper service to the customer from the first time	Commercial Public Bank	251	6.20	1.093	.069
	Commercial private Bank	198	6.08	1.209	.086
Providing service at the time promised	Commercial Public Bank	251	6.24	1.035	.065
	Commercial private Bank	198	6.03	1.539	.109
Bank records	Commercial Public Bank	251	6.49	.826	.052
	Commercial private Bank	198	6.45	.834	.059
SUMRELP	Commercial Public Bank	251	6.2622	.77395	.04885
	Commercial private Bank	198	6.1263	.89421	.06355
Telling customer from the time of providing service	Commercial Public Bank	251	5.84	1.148	.072
	Commercial private Bank	198	5.83	1.161	.083
Provide services a prompt and quick to customers	Commercial Public Bank	251	6.14	1.046	.066
	Commercial private Bank	198	6.09	1.225	.087
Willingness to help customers	Commercial Public Bank	251	6.13	1.077	.068
	Commercial private Bank	198	6.04	1.256	.089
Responding to customers requests	Commercial Public Bank	251	6.00	1.062	.067
	Commercial private Bank	198	5.91	1.163	.083
SUMRESP	Commercial Public Bank	251	6.0259	.85137	.05374
	Commercial private Bank	198	5.9659	1.0335	.07345
The impact of employees' behaviour on customers	Commercial Public Bank	251	6.33	.954	.060
	Commercial private Bank	198	6.28	1.003	.071
Customers' treatments with the bank	Commercial Public Bank	251	6.41	1.001	.063
	Commercial private Bank	198	6.44	.858	.061
Employees' behaviour with customers	Commercial Public Bank	251	6.43	.875	.055
	Commercial private Bank	198	6.39	1.020	.073
Knowledge and understanding of bank employees	Commercial Public Bank	251	6.37	.849	.054
	Commercial private Bank	198	6.42	.861	.061
SUMASSU	Commercial Public Bank	251	6.3835	.77435	.04888
	Commercial private Bank	198	6.3838	.77869	.05534
Bank caring to customers	Commercial Public Bank	251	5.21	1.452	.092
	Commercial private Bank	198	5.32	1.543	.110
Employees attention to customers	Commercial Public Bank	251	5.09	1.558	.098
	Commercial private Bank	198	4.83	1.759	.125
Bank employees' awareness of the customer needs	Commercial Public Bank	251	5.60	1.259	.079
	Commercial private Bank	198	5.54	1.376	.098
Bank attention of the interest of customers	Commercial Public Bank	251	5.88	1.289	.081
	Commercial private Bank	198	5.76	1.291	.092
Suitability of working hours for customers	Commercial Public Bank	251	5.88	1.174	.074
	Commercial private Bank	198	5.82	1.223	.087
The clarity of bank charges for customers	Commercial Public Bank	251	5.89	1.412	.089
	Commercial private Bank	198	6.25	1.000	.071
SUMEMPP	Commercial Public Bank	251	5.5930	1.0379	.06551
	Commercial private Bank	198	5.5875	1.0446	.07424
Overall	Commercial Public Bank	251	6.0911	.68593	.04330
	Commercial private Bank	198	6.0824	.76112	.05409

Independent sample t-test (customers' expectations between public and private banks)

	Levene's Test for Equality of Variances		t-test for Equality of Means											
	F	Sig.	t		df		Sig. (2-tailed)		Mean Difference		Std. Error Difference		95% Confidence Interval of the Difference	
			Lower	Upper	Lower	Upper	Lower	Upper	Lower	Upper	Lower	Upper		
Using up-to-data equipment	1.935	.165	-0.984	.447	447	.326	-.068	.069	-.204	.068	-.204	.068	-.204	.068
The physical facilities of bank	.596	.441	-0.990	431.201	447	.323	-.068	.069	-.204	.067	-.204	.067	-.204	.067
The appearance of bank employees	2.068	.151	-1.060	447	447	.290	-.110	.104	-.313	.094	-.313	.094	-.313	.094
Bank suitability appearance with the nature of service provided	5.288	.022	-1.081	444.970	447	.280	-.110	.102	-.309	.109	-.309	.109	-.309	.109
SUMTA	4.238	.040	-3.038	447	447	.003	-.309	.099	-.503	.115	-.503	.115	-.503	.115
The bank promises to customers	.549	.459	-3.126	446.966	447	.047	-.142	.071	-.282	.002	-.282	.002	-.282	.002
Bank Sympathy with customer's problems	5.720	.017	-1.993	447	447	.041	-.142	.069	-.278	.006	-.278	.006	-.278	.006
Providing proper service to the customer from the first time	.666	.415	-2.051	446.930	447	.022	-.15725	.06852	-.29191	-.02259	-.29191	-.02259	-.29191	-.02259
Providing service at the time promised	7.081	.008	-2.295	447	447	.019	-.15725	.06679	-.28852	-.02598	-.28852	-.02598	-.28852	-.02598
Bank records	1.107	.293	-2.354	446.840	447	.573	.055	.097	-.136	.245	-.136	.245	-.136	.245
SUMRE	3.840	.051	.565	447	447	.573	.055	.097	-.136	.246	-.136	.246	-.136	.246
Telling customer from the time of providing service	2.900	.089	.564	419.942	447	.034	.244	.115	.018	.470	.018	.470	.018	.470
Provide services a prompt and quick to customers	4.198	.041	2.124	447	447	.036	.244	.116	-.017	.471	-.017	.471	-.017	.471
Willingness to help customers	2.405	.122	2.109	410.713	447	.242	.127	.109	-.087	.341	-.087	.341	-.087	.341
Responding to customers requests	.521	.471	1.170	447	447	.248	.127	.110	-.089	.344	-.089	.344	-.089	.344
SUMRES	4.330	.038	1.157	401.450	447	.080	.214	.122	-.026	.453	-.026	.453	-.026	.453
			1.678	329.457	447	.094	.214	.127	-.037	.464	-.037	.464	-.037	.464
			.500	447	447	.617	.039	.079	-.116	.194	-.116	.194	-.116	.194
			.500	421.181	447	.617	.039	.079	-.116	.195	-.116	.195	-.116	.195
			1.724	447	447	.085	.13589	.07881	-.01899	.29077	-.01899	.29077	-.01899	.29077
			1.695	391.023	447	.091	.13589	.08016	-.02170	.29348	-.02170	.29348	-.02170	.29348
			.067	447	447	.947	.007	.110	-.208	.223	-.208	.223	-.208	.223
			.067	420.873	447	.947	.007	.110	-.209	.223	-.209	.223	-.209	.223
			.463	447	447	.644	.050	.107	-.161	.260	-.161	.260	-.161	.260
			.454	387.686	447	.650	.050	.109	-.165	.264	-.165	.264	-.165	.264
			.836	447	447	.403	.092	.110	-.124	.309	-.124	.309	-.124	.309
			.821	388.729	447	.412	.092	.112	-.128	.313	-.128	.313	-.128	.313
			.864	447	447	.388	.091	.105	-.116	.298	-.116	.298	-.116	.298
			.854	403.802	447	.393	.091	.106	-.118	.300	-.118	.300	-.118	.300
			.674	447	447	.501	.05999	.08897	-.11487	.23484	-.11487	.23484	-.11487	.23484
			.659	378.801	447	.510	.05999	.09101	-.11897	.23894	-.11897	.23894	-.11897	.23894

Independent sample t-test (customers' expectations between public and private banks) (Continue)

	Levene's Test for Equality of Variances		t-test for Equality of Means										
	F	Sig.	t		df		Sig. (2-tailed)	Mean Difference		Std. Error Difference		95% Confidence Interval of the Difference	
			Lower	Upper	Upper	Lower		Upper	Lower	Upper	Upper	Lower	
The impact of employees' behaviour on customers	.204	.652	.516	.447	.606	.048	.093	-.134	.230	.093	-.134	.230	
Customers' treatments with the bank	1.674	.196	.513	412.854	.608	.048	.093	-.136	.231	.093	-.136	.231	
Employees' behaviour with customers	1.344	.247	-.426	447	.670	-.038	.089	-.214	.138	.089	-.214	.138	
Knowledge and understanding of bank employees	.042	.837	-.434	443.938	.665	-.038	.088	-.211	.134	.088	-.211	.134	
SUMAUS	.001	.980	.462	447	.644	.041	.090	-.135	.217	.090	-.135	.217	
Bank caring to customers	9.547	.002	.454	388.870	.650	.041	.091	-.138	.221	.091	-.138	.221	
Employees attention to customers	.070	.792	-.648	447	.517	-.053	.081	-.212	.107	.081	-.212	.107	
Bank employees' awareness of the customer needs	.070	.792	-.647	420.199	.518	-.053	.081	-.213	.107	.081	-.213	.107	
Bank attention of the interest of customers	2.327	.128	-.005	447	.996	-.00037	.07378	-.14538	.14464	.07378	-.14538	.14464	
Suitability of working hours for customers	6.898	.009	-.005	421.914	.996	-.00037	.07383	-.14550	.14475	.07383	-.14550	.14475	
The clarity of bank charges for customers	.708	.400	-.818	447	.414	-.116	.142	-.395	.163	.142	-.395	.163	
SUMEM	1.171	.280	-.812	410.473	.417	-.116	.143	-.397	.165	.143	-.397	.165	
Overall			1.647	447	.100	.258	.157	-.050	.566	.157	-.050	.566	
			1.624	396.608	.105	.258	.159	-.054	.571	.159	-.054	.571	
			.491	447	.624	.061	.125	-.184	.306	.125	-.184	.306	
			.486	404.115	.628	.061	.126	-.187	.309	.126	-.187	.309	
			1.035	447	.301	.127	.123	-.114	.368	.123	-.114	.368	
			1.035	422.742	.301	.127	.123	-.114	.368	.123	-.114	.368	
			.504	447	.615	.057	.114	-.166	.281	.114	-.166	.281	
			.501	414.684	.617	.057	.114	-.167	.282	.114	-.167	.282	
			-2.996	447	.003	-.355	.119	-.588	.122	.119	-.588	.122	
			-3.116	442.146	.002	-.355	.114	-.579	.131	.114	-.579	.131	
			.055	447	.956	.00542	.09894	-.18902	.19986	.09894	-.18902	.19986	
			.055	421.751	.956	.00542	.09901	-.18920	.20004	.09901	-.18920	.20004	
			.128	447	.899	.00873	.06844	-.12577	.14324	.06844	-.12577	.14324	
			.126	400.689	.900	.00873	.06928	-.12747	.14494	.06928	-.12747	.14494	

Means between Customers' perceptions in Public and Private Banks

	Bank	N	Mean	Std. Deviation	Std. Error Mean
Using up-to-date equipment	Commercial Public Bank	251	5.05	1.294	.082
	Commercial private Bank	198	5.32	1.111	.079
The physical facilities of bank	Commercial Public Bank	251	4.02	1.843	.116
	Commercial private Bank	198	4.41	1.471	.105
The appearance of bank employees	Commercial Public Bank	251	4.81	1.487	.094
	Commercial private Bank	198	5.09	1.016	.072
Bank suitability appearance with the nature of service provided	Commercial Public Bank	251	4.41	1.693	.107
	Commercial private Bank	198	4.49	1.249	.089
SUMTAN	Commercial Public Bank	251	4.5737	1.29288	.08161
	Commercial private Bank	198	4.8283	.64186	.04562
The bank promises to customers	Commercial Public Bank	251	4.20	1.655	.104
	Commercial private Bank	198	4.44	1.268	.090
Bank Sympathy with customer's problems	Commercial Public Bank	251	3.82	1.671	.105
	Commercial private Bank	198	5.02	1.374	.098
Providing proper service to the customer from the first time	Commercial Public Bank	251	4.15	1.769	.112
	Commercial private Bank	198	4.30	1.328	.094
Providing service at the time promised	Commercial Public Bank	251	4.15	1.622	.102
	Commercial private Bank	198	4.51	1.174	.083
Bank records	Commercial Public Bank	251	4.88	1.362	.086
	Commercial private Bank	198	5.61	1.133	.081
SUMRELP	Commercial Public Bank	251	4.2422	1.37229	.08662
	Commercial private Bank	198	4.7758	.88267	.06273
Telling customer from the time of providing service	Commercial Public Bank	251	5.02	1.117	.070
	Commercial private Bank	198	5.24	1.171	.083
Provide services a prompt and quick to customers	Commercial Public Bank	251	5.08	1.525	.096
	Commercial private Bank	198	5.28	1.247	.089
Willingness to help customers	Commercial Public Bank	251	3.98	1.644	.104
	Commercial private Bank	198	5.27	1.273	.090
Responding to customers requests	Commercial Public Bank	251	3.55	1.608	.101
	Commercial private Bank	198	4.95	1.390	.099
SUMRESP	Commercial Public Bank	251	4.4094	1.03610	.06540
	Commercial private Bank	198	5.1881	1.06169	.07545
The impact of employees' behaviour on customers	Commercial Public Bank	251	5.25	1.349	.085
	Commercial private Bank	198	5.45	1.264	.090
Customers' treatments with the bank	Commercial Public Bank	251	5.39	1.271	.080
	Commercial private Bank	198	5.66	1.184	.084
Employees' behaviour with customers	Commercial Public Bank	251	4.75	1.490	.094
	Commercial private Bank	198	5.73	1.152	.082
Knowledge and understanding of bank employees	Commercial Public Bank	251	4.58	1.512	.095
	Commercial private Bank	198	5.57	1.096	.078
SUMASSU	Commercial Public Bank	251	4.9920	.98307	.06205
	Commercial private Bank	198	5.6023	.97459	.06926
Bank caring to customers	Commercial Public Bank	251	4.37	1.760	.111
	Commercial private Bank	198	4.45	1.559	.111
Employees attention to customers	Commercial Public Bank	251	4.14	1.794	.113
	Commercial private Bank	198	4.39	1.670	.119
Bank employees' awareness of the customer needs	Commercial Public Bank	251	4.78	1.457	.092
	Commercial private Bank	198	4.86	1.312	.093
Bank attention of the interest of customers	Commercial Public Bank	251	4.69	1.546	.098
	Commercial private Bank	198	4.66	1.454	.103
Suitability of working hours for customers	Commercial Public Bank	251	5.12	1.326	.084
	Commercial private Bank	198	5.28	1.574	.112
The clarity of bank charges for customers	Commercial Public Bank	251	5.12	1.275	.080
	Commercial private Bank	198	5.24	1.449	.103
SUMEMPP	Commercial Public Bank	251	4.70	.766	.048
	Commercial private Bank	198	4.82	1.178	.084
Overall	Commercial Public Bank	251	4.5841	.88277	.05572
	Commercial private Bank	198	5.0420	.78317	.05566

Independent sample t-test (customers' perceptions between public and private banks)

	Levene's Test for Equality of Variances		t-test for Equality of Means							
	F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference		
	Lower	Upper	Lower	Upper	Lower	Upper	Lower	Upper	Lower	Upper
Using up-to-date equipment	.390	.533	-2.304	447	.022	-.266	.116	-.494	-.039	
The physical facilities of bank	18.854	.000	-2.346	443.778	.019	-.266	.114	-.490	-.043	
The appearance of bank employees	16.350	.000	-2.456	447	.014	-.394	.161	-.710	-.079	
Bank suitability appearance with the nature of service provided	20.362	.000	-2.521	446.935	.012	-.394	.156	-.702	-.087	
SUMTAN	79.346	.000	-2.241	447	.026	-.277	.124	-.520	-.034	
The bank promises to customers	14.569	.000	-2.340	438.593	.020	-.277	.118	-.510	-.044	
Bank Sympathy with customer's problems	20.387	.000	-.560	447	.576	-.081	.144	-.363	.202	
Providing proper service to the customer from the first time	29.891	.000	-.580	445.101	.562	-.081	.139	-.354	.192	
Providing service at the time promised	22.095	.000	-2.535	447	.012	-.25458	.10043	-.45195	-.05720	
Bank records	3.430	.065	-2.723	383.160	.007	-.25458	.09349	-.43839	-.07076	
SUMRELP	41.301	.000	-1.660	447	.098	-.236	.142	-.516	.043	
Telling customer from the time of providing service	2.862	.091	-1.712	446.645	.088	-.236	.138	-.507	.035	
Provide services a prompt and quick to customers	19.145	.000	-8.129	447	.000	-.1196	.147	-.1485	-.906	
Willingness to help customers	13.354	.000	-8.317	446.222	.000	-.1196	.144	-.1478	-.913	
Responding to customers requests	.921	.338	-9.70	447	.333	-.147	.151	-.444	.150	
SUMRESP			-1.003	445.959	.317	-.147	.146	-.434	.141	
			-2.647	447	.008	-.363	.137	-.632	-.093	
			-2.746	443.882	.006	-.363	.132	-.622	-.103	
			-6.037	447	.000	-.727	.120	-.963	-.490	
			-6.169	445.700	.000	-.727	.118	-.958	-.495	
			-4.750	447	.000	-.53353	.11233	-.75428	-.31277	
			-4.989	430.667	.000	-.53353	.10695	-.74373	-.32332	
			-2.014	447	.045	-.219	.108	-.432	-.005	
			-2.003	413.333	.046	-.219	.109	-.433	-.004	
			-1.546	447	.123	-.207	.134	-.470	.056	
			-1.583	446.424	.114	-.207	.131	-.464	.050	
			-9.086	447	.000	-.1289	.142	-.1567	-.1010	
			-9.360	446.855	.000	-.1289	.138	-.1559	-.1018	
			-9.724	447	.000	-.1401	.144	-.1684	-.1118	
			-9.892	443.217	.000	-.1401	.142	-.1679	-.1122	
			-7.822	447	.000	-.77877	.09956	-.97443	-.58310	
			-7.800	418.196	.000	-.77877	.09985	-.97504	-.58250	

Independent sample t-test (customers' perceptions between public and private banks) (Continue)

	Levene's Test for Equality of Variances		t-test for Equality of Means									
	F	Sig.	t	df	Sig. (2-tailed)		Mean Difference		Std. Error Difference	95% Confidence Interval of the Difference		
					Lower	Upper	Upper	Lower		Upper	Lower	
The impact of employees' behaviour on customers	.184	.668	-1.623	447	.105	.105	-.202	.125	-.448	.043		
Customers' treatments with the bank	2.638	.105	-2.313	433.873	.103	.103	-.202	.124	-.446	.041		
Employees' behaviour with customers	8.691	.003	-2.332	434.752	.020	.020	-.271	.116	-.502	-.041		
Knowledge and understanding of bank employees	26.01	.000	-7.587	447	.000	.000	-.974	.128	-.1.227	-.722		
SUMASSU	1.469	.226	-7.772	446.832	.000	.000	-.974	.125	-.1.219	-.729		
Bank caring to customers	2.909	.089	-8.063	447	.000	.000	-.993	.128	-.1.244	-.742		
Employees attention to customers	2.141	.144	-6.556	443.982	.000	.000	-.61024	.09309	-.1.235	-.751		
Bank employees' awareness of the customer needs	1.648	.200	-6.562	447	.000	.000	-.61024	.09299	-.79318	-.42730		
Bank attention of the interest of customers	.219	.640	-5.53	424.602	.581	.581	-.088	.159	-.401	.225		
Suitability of working hours for customers	6.067	.014	-5.61	440.954	.575	.575	-.088	.157	-.396	.220		
The clarity of bank charges for customers	2.434	.119	-1.514	447	.131	.131	-.251	.165	-.576	.075		
SUMEMPP	50.94	.000	-1.527	434.955	.127	.127	-.251	.164	-.573	.072		
Overall	.812	.368	-6.24	439.188	.533	.533	-.083	.133	-.343	.178		
			-6.32	447	.528	.528	-.083	.131	-.340	.175		
			.221	447	.825	.825	.032	.143	-.250	.313		
			.222	433.431	.824	.824	.032	.142	-.248	.311		
			-1.222	447	.222	.222	-.167	.137	-.436	.102		
			-1.197	384.386	.232	.232	-.167	.140	-.442	.107		
			-9.15	447	.361	.361	-.118	.129	-.371	.135		
			-9.02	394.953	.368	.368	-.118	.131	-.375	.139		
			-1.221	447	.223	.223	-.112	.092	-.294	.069		
			-1.163	322.299	.245	.245	-.112	.097	-.303	.078		
			-5.733	447	.000	.000	-.45792	.07987	-.61489	-.30094		
			-5.814	440.833	.000	.000	-.45792	.07876	-.61270	-.30313		

Means between Customers' expectations and perceptions in Public Banks

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Using up-to-date equipment	6.54	251	.744	.047
	Using up-to-date equipment	5.05	251	1.294	.082
Pair 2	The physical facilities of bank	6.05	251	1.167	.074
	The physical facilities of bank	4.02	251	1.843	.116
Pair 3	The appearance of bank employees	6.34	251	.826	.052
	The appearance of bank employees	4.81	251	1.487	.094
Pair 4	Bank suitability appearance with the nature of service provided	5.83	251	1.175	.074
	Bank suitability appearance with the nature of service provided	4.41	251	1.693	.107
Pair 5	SUMTAN	6.1912	251	.78472	.04953
	SUMTAN	4.5737	251	1.29288	.08161
Pair 6	The bank promises to customers	6.34	251	1.013	.064
	The bank promises to customers	4.20	251	1.655	.104
Pair 7	Bank Sympathy with customer's problems	6.03	251	1.176	.074
	Bank Sympathy with customer's problems	3.82	251	1.671	.105
Pair 8	Providing proper service to the customer from the first time	6.20	251	1.093	.069
	Providing proper service to the customer from the first time	4.15	251	1.769	.112
Pair 9	Providing service at the time promised	6.24	251	1.035	.065
	Providing service at the time promised	4.15	251	1.622	.102
Pair 10	Bank records	6.49	251	.826	.052
	Bank records	4.88	251	1.362	.086
Pair 11	SUMREL	6.2622	251	.77395	.04885
	SUMREL	4.2422	251	1.37229	.08662
Pair 12	Telling customer from the time of providing service	5.84	251	1.148	.072
	Telling customer from the time of providing service	5.02	251	1.117	.070
Pair 13	Provide services a prompt and quick to customers	6.14	251	1.046	.066
	Provide services a prompt and quick to customers	5.08	251	1.525	.096
Pair 14	Willingness to help customers	6.13	251	1.077	.068
	Willingness to help customers	3.98	251	1.644	.104
Pair 15	Responding to customers requests	6.00	251	1.062	.067
	Responding to customers requests	3.55	251	1.608	.101
Pair 16	SUMRES	6.0259	251	.85137	.05374
	SUMRES	4.4094	251	1.03610	.06540
Pair 17	The impact of employees' behaviour on customers	6.33	251	.954	.060
	The impact of employees' behaviour on customers	5.25	251	1.349	.085
Pair 18	Customers' treatments with the bank	6.41	251	1.001	.063
	Customers' treatments with the bank	5.39	251	1.271	.080
Pair 19	Employees' behaviour with customers	6.43	251	.875	.055
	Employees' behaviour with customers	4.75	251	1.490	.094
Pair 20	Knowledge and understanding of bank employees	6.37	251	.849	.054
	Knowledge and understanding of bank employees	4.58	251	1.512	.095
Pair 21	SUMASS	6.3835	251	.77435	.04888
	SUMASS	4.9920	251	.98307	.06205
Pair 22	Bank caring to customers	5.21	251	1.452	.092
	Bank caring to customers	4.37	251	1.760	.111
Pair 23	Employees attention to customers	5.09	251	1.558	.098
	Employees attention to customers	4.14	251	1.794	.113
Pair 24	Bank employees' awareness of the customer needs	5.60	251	1.259	.079
	Bank employees' awareness of the customer needs	4.78	251	1.457	.092
Pair 25	Bank attention of the interest of customers	5.88	251	1.289	.081
	Bank attention of the interest of customers	4.69	251	1.546	.098
Pair 26	Suitability of working hours for customers	5.88	251	1.174	.074
	Suitability of working hours for customers	5.12	251	1.326	.084
Pair 27	The clarity of bank charges for customers	5.89	251	1.412	.089
	The clarity of bank charges for customers	5.12	251	1.275	.080
Pair 28	SUMEMP	5.5930	251	1.03794	.06551
	SUMEMP	4.70	251	.766	.048
Pair 29	Overall Expectations	6.0911	251	.68593	.04330
	Overall Perceptions	4.5841	251	.88277	.05572

Paired Samples Test-test between customers expectations and perception in public banks

	Paired Differences						t	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference		Upper			
				Lower	Upper				
Pair 1 Using up-to-data equipment - Using up-to-data equipment	1.486	1.375	.087	1.315	1.657	17.122	250	.000	
Pair 2 The physical facilities of bank - The physical facilities of bank	2.032	1.959	.124	1.788	2.275	16.430	250	.000	
Pair 3 The appearance of bank employees - The appearance of bank employees	1.534	1.688	.107	1.324	1.744	14.395	250	.000	
Pair 4 Bank suitability appearance with the nature of service provided - Bank suitability appearance with the nature of service provided	1.418	1.919	.121	1.180	1.657	11.707	250	.000	
Pair 5 SUMTANE – SUMTAN	1.6175	1.4237	.08987	1.44054	1.7945	17.999	250	.000	
Pair 6 The bank promises to customers - The bank promises to customers	2.139	1.962	.124	1.896	2.383	17.278	250	.000	
Pair 7 Bank Sympathy with customer's problems - Bank Sympathy with customer's problems	2.207	1.973	.125	1.962	2.452	17.723	250	.000	
Pair 8 Providing proper service to the customer from the first time - Providing proper service to the customer from the first time	2.052	2.034	.128	1.799	2.305	15.981	250	.000	
Pair 9 Providing service at the time promised - Providing service at the time promised	2.092	1.946	.123	1.850	2.334	17.027	250	.000	
Pair 10 Bank records - Bank records	1.610	1.507	.095	1.422	1.797	16.922	250	.000	
Pair 11 SUMREL – SUMRELP	2.0199	1.5869	.10017	1.82264	2.2172	20.165	250	.000	
Pair 12 Telling customer from the time of providing service - Telling customer from the time of providing service	.817	1.504	.095	.630	1.004	8.603	250	.000	
Pair 13 Provide services a prompt and quick to customers - Provide services a prompt and quick to customers	1.060	1.914	.121	.822	1.298	8.771	250	.000	
Pair 14 Willingness to help customers - Willingness to help customers	2.143	1.967	.124	1.899	2.388	17.268	250	.000	
Pair 15 Responding to customers requests - Responding to customers requests	2.446	1.994	.126	2.198	2.694	19.436	250	.000	
Pair 16 SUMRES – SUMRESP	1.6165	1.4107	.08904	1.44116	1.7919	18.154	250	.000	
Pair 17 The impact of employees' behaviour on customers - The impact of employees' behaviour on customers	1.084	1.682	.106	.875	1.293	10.207	250	.000	
Pair 18 Customers' treatments with the bank - Customers' treatments with the bank	1.016	1.620	.102	.815	1.217	9.937	250	.000	
Pair 19 Employees' behaviour with customers - Employees' behaviour with customers	1.677	1.705	.108	1.465	1.889	15.584	250	.000	
Pair 20 Knowledge and understanding of bank employees - Knowledge and understanding of bank employees	1.789	1.746	.110	1.572	2.006	16.235	250	.000	
Pair 21 SUMASS – SUMASSU	1.3914	1.2511	.07897	1.23590	1.5469	17.619	250	.000	
Pair 22 Bank caring to customers - Bank caring to customers	.841	2.280	.144	.557	1.124	5.841	250	.000	
Pair 23 Employees attention to customers - Employees attention to customers	.948	2.220	.140	.672	1.224	6.766	250	.000	
Pair 24 Bank employees' awareness of the customer needs - Bank employees' awareness of the customer needs	.821	1.915	.121	.583	1.059	6.789	250	.000	
Pair 25 Bank attention of the interest of customers - Bank attention of the interest of customers	1.191	1.790	.113	.969	1.414	10.545	250	.000	
Pair 26 Suitability of working hours for customers - Suitability of working hours for customers	.765	1.715	.108	.552	.978	7.067	250	.000	
Pair 27 The clarity of bank charges for customers - The clarity of bank charges for customers	.773	1.887	.119	.538	1.007	6.490	250	.000	
Pair 28 SUMEMP – SUMEMPP	.88977	1.2444	.07855	.73507	1.0444	11.328	250	.000	
Pair 29 Overall Expectations - Overall Perceptions	1.5070	1.1285	.07123	1.36674	1.6473	21.156	250	.000	

Means between Customers' expectations and perceptions in Private Banks

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Using up-to-date equipment	6.61	198	.710	.050
	Using up-to-date equipment	5.32	198	1.111	.079
Pair 2	The physical facilities of bank	6.16	198	.984	.070
	The physical facilities of bank	4.41	198	1.471	.105
Pair 3	The appearance of bank employees	6.48	198	.643	.046
	The appearance of bank employees	5.09	198	1.016	.072
Pair 4	Bank suitability appearance with the nature of service provided	6.14	198	.918	.065
	Bank suitability appearance with the nature of service provided	4.49	198	1.249	.089
Pair 5	SUMTANE	6.3485	198	.63056	.04481
	SUMTAN	4.8283	198	.64186	.04562
Pair 6	The bank promises to customers	6.29	198	1.029	.073
	The bank promises to customers	4.44	198	1.268	.090
Pair 7	Bank Sympathy with customer's problems	5.79	198	1.249	.089
	Bank Sympathy with customer's problems	5.02	198	1.374	.098
Pair 8	Providing proper service to the customer from the first time	6.08	198	1.209	.086
	Providing proper service to the customer from the first time	4.30	198	1.328	.094
Pair 9	Providing service at the time promised	6.03	198	1.539	.109
	Providing service at the time promised	4.51	198	1.174	.083
Pair 10	Bank records	6.45	198	.834	.059
	Bank records	5.61	198	1.133	.081
Pair 11	SUMREL	6.1263	198	.89421	.06355
	SUMRELP	4.7758	198	.88267	.06273
Pair 12	Telling customer from the time of providing service	5.83	198	1.161	.083
	Telling customer from the time of providing service	5.24	198	1.171	.083
Pair 13	Provide services a prompt and quick to customers	6.09	198	1.225	.087
	Provide services a prompt and quick to customers	5.28	198	1.247	.089
Pair 14	Willingness to help customers	6.04	198	1.256	.089
	Willingness to help customers	5.27	198	1.273	.090
Pair 15	Responding to customers requests	5.91	198	1.163	.083
	Responding to customers requests	4.95	198	1.390	.099
Pair 16	SUMRES	5.9659	198	1.03359	.07345
	SUMRESP	5.1881	198	1.06169	.07545
Pair 17	The impact of employees' behaviour on customers	6.28	198	1.003	.071
	The impact of employees' behaviour on customers	5.45	198	1.264	.090
Pair 18	Customers' treatments with the bank	6.44	198	.858	.061
	Customers' treatments with the bank	5.66	198	1.184	.084
Pair 19	Employees' behaviour with customers	6.39	198	1.020	.073
	Employees' behaviour with customers	5.73	198	1.152	.082
Pair 20	Knowledge and understanding of bank employees	6.42	198	.861	.061
	Knowledge and understanding of bank employees	5.57	198	1.096	.078
Pair 21	SUMASS	6.3838	198	.77869	.05534
	SUMASSU	5.6023	198	.97459	.06926
Pair 22	Bank caring to customers	5.32	198	1.543	.110
	Bank caring to customers	4.45	198	1.559	.111
Pair 23	Employees attention to customers	4.83	198	1.759	.125
	Employees attention to customers	4.39	198	1.670	.119
Pair 24	Bank employees' awareness of the customer needs	5.54	198	1.376	.098
	Bank employees' awareness of the customer needs	4.86	198	1.312	.093
Pair 25	Bank attention of the interest of customers	5.76	198	1.291	.092
	Bank attention of the interest of customers	4.66	198	1.454	.103
Pair 26	Suitability of working hours for customers	5.82	198	1.223	.087
	Suitability of working hours for customers	5.28	198	1.574	.112
Pair 27	The clarity of bank charges for customers	6.25	198	1.000	.071
	The clarity of bank charges for customers	5.24	198	1.449	.103
Pair 28	SUMEMP	5.5875	198	1.04464	.07424
	SUMEMPP	4.82	198	1.178	.084
Pair 29	Overall Expectations	6.0824	198	.76112	.05409
	Overall Perceptions	5.0420	198	.78317	.05566

Paired Samples Test-test between customers expectations and perception in private banks

	Paired Differences					t	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
Pair 1 Using up-to-data equipment - Using up-to-data equipment	1.288	1.176	.084	1.123	1.453	15.406	197	.000
Pair 2 The physical facilities of bank - The physical facilities of bank	1.747	1.694	.120	1.510	1.985	14.515	197	.000
Pair 3 The appearance of bank employees - The appearance of bank employees	1.399	1.237	.088	1.226	1.572	15.913	197	.000
Pair 4 Bank suitability appearance with the nature of service provided - Bank suitability appearance with the nature of service provided	1.646	1.510	.107	1.435	1.858	15.342	197	.000
Pair 5 SUMTANE - SUMTAN	1.5202	.86395	.06140	1.39912	1.6412	24.760	197	.000
Pair 6 The bank promises to customers - The bank promises to customers	1.848	1.476	.105	1.642	2.055	17.617	197	.000
Pair 7 Bank Sympathy with customer's problems - Bank Sympathy with customer's problems	.768	1.667	.118	.534	1.001	6.481	197	.000
Pair 8 Providing proper service to the customer from the first time - Providing proper service to the customer from the first time	1.778	1.552	.110	1.560	1.995	16.123	197	.000
Pair 9 Providing service at the time promised - Providing service at the time promised	1.515	1.873	.133	1.253	1.778	11.380	197	.000
Pair 10 Bank records - Bank records	.843	1.214	.086	.673	1.014	9.779	197	.000
Pair 11 SUMREL - SUMRELP	1.3505	1.10236	.07834	1.19601	1.5050	17.239	197	.000
Pair 12 Telling customer from the time of providing service - Telling customer from the time of providing service	.591	1.544	.110	.374	.807	5.384	197	.000
Pair 13 Provide services a prompt and quick to customers - Provide services a prompt and quick to customers	.803	1.642	.117	.573	1.033	6.881	197	.000
Pair 14 Willingness to help customers - Willingness to help customers	.763	1.599	.114	.538	.987	6.710	197	.000
Pair 15 Responding to customers requests - Responding to customers requests	.955	1.397	.099	.759	1.150	9.613	197	.000
Pair 16 SUMRES - SUMRESP	.7777	1.31464	.09343	.59353	.96202	8.325	197	.000
Pair 17 The impact of employees' behaviour on customers - The impact of employees' behaviour on customers	.833	1.355	.096	.643	1.023	8.656	197	.000
Pair 18 Customers' treatments with the bank - Customers' treatments with the bank	.783	1.351	.096	.593	.972	8.152	197	.000
Pair 19 Employees' behaviour with customers - Employees' behaviour with customers	.662	.988	.070	.523	.800	9.422	197	.000
Pair 20 Knowledge and understanding of bank employees - Knowledge and understanding of bank employees	.848	1.269	.090	.671	1.026	9.405	197	.000
Pair 21 SUMASS - SUMASSU	.7815	1.01634	.07223	.63913	.92401	10.821	197	.000
Pair 22 Bank caring to customers - Bank caring to customers	.869	1.775	.126	.620	1.117	6.887	197	.000
Pair 23 Employees attention to customers - Employees attention to customers	.439	1.801	.128	.187	.692	3.434	197	.001
Pair 24 Bank employees' awareness of the customer needs - Bank employees' awareness of the customer needs	.677	1.796	.128	.425	.928	5.303	197	.000
Pair 25 Bank attention of the interest of customers - Bank attention of the interest of customers	1.096	1.620	.115	.869	1.323	9.518	197	.000
Pair 26 Suitability of working hours for customers - Suitability of working hours for customers	.540	2.034	.145	.255	.825	3.738	197	.000
Pair 27 The clarity of bank charges for customers - The clarity of bank charges for customers	1.010	1.671	.119	.776	1.244	8.507	197	.000
Pair 28 SUMEMP - SUMEMPP	.7718	1.35140	.09604	.58249	.96128	8.037	197	.000
Pair 29 Overall Expectations - Overall Perceptions	1.0403	.93724	.06661	.90903	1.1717	15.620	197	.000

Mean between Customers and Managers in Public Banks

	Groups	N	Mean	Std. Deviation	Std. Error Mean
Using up-to-data equipment	customers	251	6.54	.744	.047
	Managers	46	6.72	.807	.119
The physical facilities of bank	customers	251	6.05	1.167	.074
	Managers	46	6.59	.580	.086
The appearance of bank employees	customers	251	6.34	.826	.052
	Managers	46	6.72	.621	.091
Bank suitability appearance with the nature of service provided	customers	251	5.83	1.175	.074
	Managers	46	6.07	1.200	.177
SUMTANE	customers	251	6.1912	.78472	.04953
	Managers	46	6.5217	.57933	.08542
The bank promises to customers	customers	251	6.34	1.013	.064
	Managers	46	6.24	1.058	.156
Bank Sympathy with customer's problems	customers	251	6.03	1.176	.074
	Managers	46	5.85	1.282	.189
Providing proper service to the customer from the first time	customers	251	6.20	1.093	.069
	Managers	46	6.30	.813	.120
Providing service at the time promised	customers	251	6.24	1.035	.065
	Managers	46	5.96	1.210	.178
Bank records	customers	251	6.49	.826	.052
	Managers	46	6.65	.526	.078
SUMRELE	customers	251	6.2622	.77395	.04885
	Managers	46	6.2000	.71056	.10477
Telling customer from the time of providing service	customers	251	5.84	1.148	.072
	Managers	46	5.80	1.293	.191
Provide services a prompt and quick to customers	customers	251	6.14	1.046	.066
	Managers	46	6.30	.963	.142
Willingness to help customers	customers	251	6.13	1.077	.068
	Managers	46	5.96	1.134	.167
Responding to customers requests	customers	251	6.00	1.062	.067
	Managers	46	6.17	1.060	.156
SUMRESE	customers	251	6.0259	.85137	.05374
	Managers	46	6.0598	.80998	.11943
The impact of employees' behaviour on customers	customers	251	6.33	.954	.060
	Managers	46	6.65	.526	.078
Customers' treatments with the bank	customers	251	6.41	1.001	.063
	Managers	46	6.74	.444	.065
Employees' behaviour with customers	customers	251	6.43	.875	.055
	Managers	46	6.70	.465	.069
Knowledge and understanding of bank employees	customers	251	6.37	.849	.054
	Managers	46	6.61	.577	.085
SUMASSE	customers	251	6.3835	.77435	.04888
	Managers	46	6.6739	.40438	.05962
Bank caring to customers	customers	251	5.21	1.452	.092
	Managers	46	5.37	1.388	.205
Employees attention to customers	customers	251	5.09	1.558	.098
	Managers	46	5.04	1.349	.199
Bank employees' awareness of the customer needs	customers	251	5.60	1.259	.079
	Managers	46	5.78	1.228	.181
Bank attention of the interest of customers	customers	251	5.88	1.289	.081
	Managers	46	6.07	.904	.133
Suitability of working hours for customers	customers	251	5.88	1.174	.074
	Managers	46	5.78	1.114	.164
The clarity of bank charges for customers	customers	251	5.89	1.412	.089
	Managers	46	6.41	.909	.134
SUMEMPE	customers	251	5.5930	1.03794	.06551
	Managers	46	5.7428	.87044	.12834
Overall	customers	251	6.0553	.69695	.04399
	Managers	46	6.1947	.56909	.08391

Independent sample t-test (Managers' perceptions of customers' expectations in public bank)

	Levene's Test for Equality of Variances		t-test for Equality of Means													
	F		Sig.		t		df		Sig. (2-tailed)		Mean Difference		Std. Error Difference		95% Confidence Interval of the Difference	
	Lower	Upper	Lower	Upper	Lower	Upper	Upper	Lower	Lower	Upper	Lower	Upper	Lower	Upper	Lower	Upper
Using up-to-date equipment	2.518	.114	-1.485	.139	-1.485	295	295	.139	.180	.121	-.418	.058	Equal variances assumed			
The physical facilities of bank	4.603	.033	-1.403	.166	-1.403	59.840	59.840	.166	-.180	.128	-.436	.076	Equal variances not assumed			
The appearance of bank employees	9.039	.003	-3.040	.003	-3.040	295	295	.003	-.535	.176	-.882	-.189	Equal variances assumed			
Bank suitability appearance with the nature of service provided	.092	.762	-1.230	.220	-1.230	295	295	.220	-.375	.105	-.584	-.165	Equal variances not assumed			
SUMTANE	1.978	.161	-1.212	.230	-1.212	61.849	61.849	.230	-.233	.189	-.605	.139	Equal variances assumed			
The bank promises to customers	.102	.749	-2.722	.007	-2.722	295	295	.007	-.3305	.12141	-.56945	-.09156	Equal variances not assumed			
Bank Sympathy with customer's problems	.968	.326	-3.347	.001	-3.347	78.747	78.747	.001	-.3305	.09874	-.52705	-.13396	Equal variances assumed			
Providing proper service to the customer from the first time	.640	.424	.633	.527	.633	295	295	.527	.103	.164	-.218	.425	Equal variances not assumed			
Providing service at the time promised	.010	.922	.614	.542	.614	61.081	61.081	.542	.103	.169	-.234	.441	Equal variances assumed			
Bank records	5.192	.023	.962	.337	.962	295	295	.337	.184	.191	-.192	.561	Equal variances not assumed			
SUMRELE	.126	.723	.906	.368	.906	59.699	59.699	.368	.184	.203	-.222	.590	Equal variances not assumed			
Telling customer from the time of providing service	1.925	.166	-.598	.550	-.598	295	295	.550	-.101	.169	-.434	.232	Equal variances assumed			
Provide services a prompt and quick to customers	.174	.677	-0.731	.467	-0.731	78.207	78.207	.467	-.101	.138	-.376	.174	Equal variances not assumed			
Willingness to help customers	.227	.634	1.657	.099	1.657	295	295	.099	.283	.171	-.053	.618	Equal variances assumed			
Responding to customers requests	.046	.829	1.487	.143	1.487	57.677	57.677	.143	.283	.190	-.098	.663	Equal variances not assumed			
SUMRESE	3.53	.553	-1.251	.212	-1.251	295	295	.212	-.158	.126	-.407	.091	Equal variances assumed			
The impact of employees' behaviour on customers	9.263	.003	-1.693	.094	-1.693	91.615	91.615	.094	-.158	.093	-.344	.027	Equal variances not assumed			
Customers' treatments with the bank	10.822	.001	.507	.613	.507	295	295	.613	.06215	.12263	-.17920	.30350	Equal variances assumed			
Employees' behaviour with customers	8.878	.003	.538	.593	.538	66.133	66.133	.593	.06215	.11560	-.16863	.29294	Equal variances not assumed			
Knowledge and understanding of bank employees	4.617	.032	.193	.847	.193	295	295	.847	.036	.188	-.333	.406	Equal variances assumed			
			.178	.859	.178	58.726	58.726	.859	.036	.204	-.372	.444	Equal variances not assumed			
			-1.019	.309	-1.019	295	295	.309	-.169	.166	-.495	.157	Equal variances assumed			
			-1.079	.285	-1.079	65.993	65.993	.285	-.169	.157	-.482	.144	Equal variances not assumed			
			.982	.327	.982	295	295	.327	.171	.174	-.172	.514	Equal variances assumed			
			.947	.347	.947	60.792	60.792	.347	.171	.181	-.190	.532	Equal variances not assumed			
			-1.021	.308	-1.021	295	295	.308	-.174	.170	-.509	.161	Equal variances assumed			
			-1.022	.311	-1.022	62.683	62.683	.311	-.174	.170	-.514	.166	Equal variances not assumed			
			-2.50	.803	-2.50	295	295	.803	-.03389	.13555	-.30066	.23289	Equal variances assumed			
			-2.59	.797	-2.59	64.591	64.591	.797	-.03389	.13096	-.29546	.22769	Equal variances not assumed			
			-2.222	.027	-2.222	295	295	.027	-.321	.145	-.606	-.037	Equal variances assumed			
			-3.276	.001	-3.276	108.606	108.606	.001	-.321	.098	-.516	-.127	Equal variances not assumed			
			-2.212	.028	-2.212	295	295	.028	-.333	.150	-.629	-.037	Equal variances assumed			
			-3.657	.000	-3.657	145.241	145.241	.000	-.333	.091	-.513	-.153	Equal variances not assumed			
			-2.003	.046	-2.003	295	295	.046	-.265	.132	-.526	-.005	Equal variances assumed			
			-3.013	.003	-3.013	113.712	113.712	.003	-.265	.088	-.440	-.091	Equal variances not assumed			
			-1.856	.064	-1.856	295	295	.064	-.242	.130	-.499	.015	Equal variances assumed			
			-2.410	.018	-2.410	85.468	85.468	.018	-.242	.100	-.442	-.042	Equal variances not assumed			

Independent sample t-test (Managers' perceptions of customers' expectations in public bank) (Continue)

	Levene's Test for Equality of Variances		t-test for Equality of Means											
	F	Sig.	t		df		Sig. (2-tailed)		Mean Difference		Std. Error Difference		95% Confidence Interval of the Difference	
			Lower	Upper	Upper	Lower	Lower	Upper	Lower	Upper	Lower	Upper		
SUMASSE	5.688	.018	-2.480	.295	116.344	.014	-.29045	-.29045	.11710	-.52091	-.52091	-.05999	-.13775	
Bank caring to customers	.019	.891	-.702	.295	64.394	.483	-.162	-.162	.231	-.618	-.618	.293	.286	
Employees attention to customers	.595	.441	-.724	.295	68.943	.472	.048	.048	.245	-.434	-.434	.530	.491	
Bank employees' awareness of the customer needs	.896	.345	-.900	.295	63.587	.369	-.181	-.181	.201	-.577	-.577	.215	.214	
Bank attention of the interest of customers	3.512	.062	-.916	.295	82.709	.364	-.181	-.181	.199	-.572	-.572	.210	.130	
Suitability of working hours for customers	.017	.896	-1.157	.295	64.698	.251	.098	.098	.187	-.270	-.270	.466	.458	
The clarity of bank charges for customers	4.538	.034	-.543	.295	90.423	.601	-.521	-.521	.216	-.946	-.946	-.095	-.201	
SUMEMPE	.586	.445	-2.410	.295	70.645	.017	-.14979	-.14979	.16266	-.46991	-.46991	.17033	.13755	
Overall	.138	.711	-3.236	.295	72.157	.002	-.13945	-.13945	.10890	-.35377	-.35377	.07487	.04940	
			-1.040	.295		.358			.09474					
			-1.281	.295		.302								
			-1.472	.295		.201								
				.295		.145								

Mean between Customers and Managers in Private Banks

	Groups	N	Mean	Std. Deviation	Std. Error Mean
Using up-to-date equipment	Customers	198	6.61	.710	.050
	Managers	54	6.56	1.127	.153
The physical facilities of bank	Customers	198	6.16	.984	.070
	Managers	54	6.52	1.094	.149
The appearance of bank employees	Customers	198	6.48	.643	.046
	Managers	54	6.70	.500	.068
Bank suitability appearance with the nature of service provided	Customers	198	6.14	.918	.065
	Managers	54	6.46	.573	.078
SUMTANE	Customers	198	6.3485	.63056	.04481
	Managers	54	6.5602	.64416	.08766
The bank promises to customers	Customers	198	6.29	1.029	.073
	Managers	54	6.33	1.082	.147
Bank Sympathy with customer's problems	Customers	198	5.79	1.249	.089
	Managers	54	6.15	.833	.113
Providing proper service to the customer from the first time	Customers	198	6.08	1.209	.086
	Managers	54	6.37	.896	.122
Providing service at the time promised	Customers	198	6.03	1.539	.109
	Managers	54	6.26	.955	.130
Bank records	Customers	198	6.45	.834	.059
	Managers	54	6.67	.549	.075
SUMRELE	Customers	198	6.1263	.89421	.06355
	Managers	54	6.3556	.58621	.07977
Telling customer from the time of providing service	Customers	198	5.83	1.161	.083
	Managers	54	6.07	1.043	.142
Provide services a prompt and quick to customers	Customers	198	6.09	1.225	.087
	Managers	54	6.37	.996	.136
Willingness to help customers	Customers	198	6.04	1.256	.089
	Managers	54	6.19	1.011	.138
Responding to customers requests	Customers	198	5.91	1.163	.083
	Managers	54	6.15	1.204	.164
SUMRESE	Customers	198	5.9659	1.03359	.07345
	Managers	54	6.1944	.86965	.11834
The impact of employees' behaviour on customers	Customers	198	6.28	1.003	.071
	Managers	54	6.50	1.129	.154
Customers' treatments with the bank	Customers	198	6.44	.858	.061
	Managers	54	6.67	.777	.106
Employees' behaviour with customers	Customers	198	6.39	1.020	.073
	Managers	54	6.63	.784	.107
Knowledge and understanding of bank employees	Customers	198	6.42	.861	.061
	Managers	54	6.50	.841	.114
SUMASSE	Customers	198	6.3838	.77869	.05534
	Managers	54	6.5741	.78852	.10730
Bank caring to customers	Customers	198	5.32	1.543	.110
	Managers	54	5.80	.939	.128
Employees attention to customers	Customers	198	4.83	1.759	.125
	Managers	54	5.61	1.123	.153
Bank employees' awareness of the customer needs	Customers	198	5.55	1.339	.095
	Managers	54	6.02	.921	.125
Bank attention of the interest of customers	Customers	198	5.76	1.291	.092
	Managers	54	6.04	1.045	.142
Suitability of working hours for customers	Customers	198	5.82	1.223	.087
	Managers	54	5.72	1.280	.174
The clarity of bank charges for customers	Customers	198	6.25	1.000	.071
	Managers	54	6.50	.771	.105
SUMEMP	Customers	198	5.5892	1.04357	.07416
	Managers	54	5.9475	.77960	.10609
Overall	Customers	198	6.0827	.76132	.05410
	Managers	54	6.3264	.59758	.08132

Independent sample t-test (Managers' perceptions of customers' expectations in private bank)

	Levene's Test for Equality of Variances				t-test for Equality of Means									
	F		Sig.		t	df	Sig. (2-tailed)		Mean Difference		Std. Error Difference		95% Confidence Interval of the Difference	
	Lower	Upper	Upper	Lower			Lower	Upper	Lower	Upper	Lower	Upper		
Using up-to-date equipment	2.258	.134	.403	250	.687	.051	.125	-.196	.297	Equal variances assumed				
			.313	64.883	.755	.051	.161	-.272	.373	Equal variances not assumed				
The physical facilities of bank	.509	.476	-2.305	250	.022	-.357	.155	-.662	-.052	Equal variances assumed				
			-2.169	77.938	.033	-.357	.165	-.684	-.029	Equal variances not assumed				
The appearance of bank employees	14.468	.000	-2.316	250	.021	-.219	.094	-.405	-.033	Equal variances assumed				
			-2.670	105.766	.009	-.219	.082	-.381	-.056	Equal variances not assumed				
Bank suitability appearance with the nature of service provided	4.746	.030	-2.445	250	.015	-.322	.132	-.581	-.063	Equal variances assumed				
			-3.161	135.230	.002	-.322	.102	-.523	-.120	Equal variances not assumed				
SUMTANE	1.789	.182	-2.177	250	.030	-.21170	.09725	-.40324	-.02016	Equal variances assumed				
			-2.150	82.800	.034	-.21170	.09845	-.40752	-.01588	Equal variances not assumed				
The bank promises to customers	.155	.694	-.285	250	.776	-.045	.160	-.360	.269	Equal variances assumed				
			-.277	81.067	.783	-.045	.164	-.372	.282	Equal variances not assumed				
Bank Sympathy with customer's problems	10.425	.001	-2.001	250	.046	-.360	.180	-.715	-.006	Equal variances assumed				
			-2.502	125.121	.014	-.360	.144	-.645	-.075	Equal variances not assumed				
Providing proper service to the customer from the first time	1.481	.225	-1.669	250	.096	-.295	.177	-.642	.053	Equal variances assumed				
			-1.975	111.239	.051	-.295	.149	-.590	.001	Equal variances not assumed				
Providing service at the time promised	3.654	.057	-1.062	250	.289	-.234	.220	-.668	.200	Equal variances assumed				
			-1.377	136.265	.171	-.234	.170	-.570	.102	Equal variances not assumed				
Bank records	11.737	.001	-1.766	250	.079	-.212	.120	-.449	.024	Equal variances assumed				
			-2.223	127.075	.028	-.212	.095	-.401	-.023	Equal variances not assumed				
SUMRELE	6.225	.013	-1.781	250	.076	-.22929	.12872	-.48280	.02421	Equal variances assumed				
			-2.248	127.767	.026	-.22929	.10199	-.43110	-.02748	Equal variances not assumed				
Telling customer from the time of providing service	2.242	.136	-1.379	250	.169	-.241	.175	-.585	.103	Equal variances assumed				
			-1.466	92.005	.146	-.241	.164	-.567	.085	Equal variances not assumed				
Provide services a prompt and quick to customers	1.488	.224	-1.570	250	.118	-.285	.181	-.641	.072	Equal variances assumed				
			-1.766	101.092	.080	-.285	.161	-.604	.035	Equal variances not assumed				
Willingness to help customers	1.155	.284	-.808	250	.420	-.150	.185	-.515	.215	Equal variances assumed				
			-.914	102.159	.363	-.150	.164	-.475	.175	Equal variances not assumed				
Responding to customers requests	.000	.987	-1.329	250	.185	-.239	.180	-.593	.115	Equal variances assumed				
			-1.303	81.973	.196	-.239	.183	-.604	.126	Equal variances not assumed				
SUMRESE	.881	.349	-1.487	250	.138	-.22854	.15369	-.53122	.07415	Equal variances assumed				
			-1.641	97.797	.104	-.22854	.13929	-.50495	.04788	Equal variances not assumed				

Means between Customers and Employees in Public Banks

	Groups	N	Mean	Std. Deviation	Std. Error Mean
Using up-to-data equipment	customers	251	6.54	.744	.047
	employees	106	6.76	.684	.066
The physical facilities of bank	customers	251	6.05	1.167	.074
	employees	106	6.66	.584	.057
The appearance of bank employees	customers	251	6.34	.826	.052
	employees	106	6.76	.427	.041
Bank suitability appearance with the nature of service provided	customers	251	5.83	1.175	.074
	employees	106	6.46	.875	.085
SUMTANE	customers	251	6.1912	.78472	.04953
	employees	106	6.6627	.40391	.03923
The bank promises to customers	customers	251	6.34	1.013	.064
	employees	106	6.46	.853	.083
Bank Sympathy with customer's problems	customers	251	6.03	1.176	.074
	employees	106	6.12	1.093	.106
Providing proper service to the customer from the first time	customers	251	6.20	1.093	.069
	employees	106	6.34	.975	.095
Providing service at the time promised	customers	251	6.24	1.035	.065
	employees	106	6.21	.943	.092
Bank records	customers	251	6.49	.826	.052
	employees	106	6.75	.479	.047
SUMRELE	customers	251	6.2622	.77395	.04885
	employees	106	6.3755	.62622	.06082
Telling customer from the time of providing service	customers	251	5.84	1.148	.072
	employees	106	5.92	1.152	.112
Provide services a prompt and quick to customers	customers	251	6.14	1.046	.066
	employees	106	6.41	.701	.068
Willingness to help customers	customers	251	6.13	1.077	.068
	employees	106	6.36	.665	.065
Responding to customers requests	customers	251	6.00	1.062	.067
	employees	106	6.09	1.000	.097
SUMRESE	customers	251	6.0259	.85137	.05374
	employees	106	6.1958	.65101	.06323
The impact of employees' behaviour on customers	customers	251	6.33	.954	.060
	employees	106	6.54	.664	.065
Customers' treatments with the bank	customers	251	6.41	1.001	.063
	employees	106	6.66	.646	.063
Employees' behaviour with customers	customers	251	6.43	.875	.055
	employees	106	6.69	.505	.049
Knowledge and understanding of bank employees	customers	251	6.37	.849	.054
	employees	106	6.64	.555	.054
SUMASSE	customers	251	6.3835	.77435	.04888
	employees	106	6.6321	.40416	.03926
Bank caring to customers	customers	251	5.21	1.452	.092
	employees	106	5.72	1.300	.126
Employees attention to customers	customers	251	5.09	1.558	.098
	employees	106	5.22	1.604	.156
Bank employees' awareness of the customer needs	customers	251	5.60	1.259	.079
	employees	106	5.96	1.103	.107
Bank attention of the interest of customers	customers	251	5.88	1.289	.081
	employees	106	6.08	1.220	.118
Suitability of working hours for customers	customers	251	5.88	1.174	.074
	employees	106	5.79	1.278	.124
The clarity of bank charges for customers	customers	251	5.89	1.412	.089
	employees	106	6.44	.769	.075
SUMEMPE	customers	251	5.5930	1.03794	.06551
	employees	106	5.8695	.91084	.08847
Overall	customers	251	6.0553	.69695	.04399
	employees	106	6.3471	.48993	.04759

Independent sample t-test (Employees' perceptions of customers' expectations in public bank)

	Levene's Test for Equality of Variances		t-test for Equality of Means							
	F	Sig.	t	df	Sig. (2-tailed)	Mean Difference		Std. Error Difference	95% Confidence Interval of the Difference	
						Upper	Lower		Upper	Lower
Using up-to-date equipment	13.185	.000	-2.688	355	.008	-.226	.084	-.392	-.061	
			-2.782	213.778	.006	-.226	.081	-.387	-.066	
The physical facilities of bank	12.863	.000	-5.104	355	.000	-.609	.119	-.843	-.374	
			-6.548	345.339	.000	-.609	.093	-.791	-.426	
The appearance of bank employees	40.339	.000	-4.979	355	.000	-.422	.085	-.588	-.255	
			-6.330	341.334	.000	-.422	.067	-.552	-.291	
Bank suitability appearance with the nature of service provided	3.272	.071	-4.966	355	.000	-.630	.127	-.879	-.380	
			-5.583	261.998	.000	-.630	.113	-.852	-.408	
SUMTANE	18.087	.000	-5.864	355	.000	-.47150	.08041	-.62965	-.31336	
			-7.462	341.787	.000	-.47150	.06319	-.59578	-.34722	
The bank promises to customers	1.864	.173	-1.067	355	.287	-.120	.112	-.340	.101	
			-1.143	232.729	.254	-.120	.105	-.326	.087	
Bank Sympathy with customer's problems	.023	.879	-.680	355	.497	-.091	.133	-.353	.172	
			-.701	211.554	.484	-.091	.130	-.346	.165	
Providing proper service to the customer from the first time	.589	.443	-1.112	355	.267	-.136	.123	-.378	.105	
			-1.165	220.035	.245	-.136	.117	-.367	.094	
Providing service at the time promised	1.475	.225	.270	355	.788	.031	.117	-.198	.261	
			.280	215.449	.780	.031	.113	-.190	.253	
Bank records	23.280	.000	-2.928	355	.004	-.251	.086	-.420	-.082	
			-3.594	321.386	.000	-.251	.070	-.389	-.114	
SUMRELE	3.499	.062	-1.334	355	.183	-.11332	.08495	-.28039	.05375	
			-1.453	241.882	.148	-.11332	.07801	-.26699	.04035	
Telling customer from the time of providing service	.261	.610	-.630	355	.529	-.084	.133	-.346	.178	
			-.629	196.995	.530	-.084	.133	-.347	.179	
Provide services a prompt and quick to customers	2.939	.087	-2.438	355	.015	-.270	.111	-.488	-.052	
			-2.850	288.291	.005	-.270	.095	-.457	-.084	
Willingness to help customers	3.758	.053	-2.049	355	.041	-.231	.113	-.453	-.009	
			-2.464	307.934	.014	-.231	.094	-.415	-.047	
Responding to customers requests	.582	.446	-.780	355	.436	-.094	.121	-.332	.144	
			-.799	208.896	.425	-.094	.118	-.327	.138	
SUMRESE	2.579	.109	-1.839	355	.067	-.16986	.09236	-.35151	.01179	
			-2.047	255.474	.042	-.16986	.08298	-.33327	-.00644	

Independent sample t-test (Employees' perceptions of customers' expectations in public bank) (Continue)

	Levene's Test for Equality of Variances		t-test for Equality of Means										
	F	Sig.	t		df		Sig. (2-tailed)		Mean Difference		Std. Error Difference	95% Confidence Interval of the Difference	
			Lower	Upper	Upper	Lower	Lower	Upper	Lower	Upper			
The impact of employees' behaviour on customers	7.201	.008	-2.035	355	.043	-2.07	.102	.407	-.007				
Customers' treatments with the bank	10.237	.002	-2.346	278.723	.020	-2.07	.088	.381	-.033				
Employees' behaviour with customers	16.776	.000	-2.408	355	.017	-2.54	.105	.461	-.047				
Knowledge and understanding of bank employees	13.052	.000	-2.853	297.595	.005	-2.54	.089	.429	-.079				
SUMASSE	15.313	.000	-2.845	355	.005	-2.58	.091	.437	-.080				
Bank caring to customers	.820	.366	-3.499	322.638	.001	-2.58	.074	.404	-.113				
Employees attention to customers	.557	.456	-3.067	355	.002	-2.75	.090	.451	-.099				
Bank employees' awareness of the customer needs	3.685	.056	-3.616	294.265	.000	-2.75	.076	.425	-.125				
Bank attention of the interest of customers	.223	.637	-3.129	355	.002	-2.4861	.07946	.40488	-.09233				
Suitability of working hours for customers	1.046	.307	-3.966	339.856	.000	-2.4861	.06269	.37192	-.12530				
The clarity of bank charges for customers	11.266	.001	-3.124	355	.002	-5.10	.163	.831	-.189				
SUMEMPE	1.217	.271	-3.267	219.219	.001	-5.10	.156	.817	-.202				
Overall	5.524	.019	-6.89	355	.492	-1.25	.182	.483	.233				
			-6.80	192.555	.497	-1.25	.184	.489	.238				
			-2.563	355	.011	-3.61	.141	.637	-.084				
			-2.703	223.748	.007	-3.61	.133	.624	-.098				
			-1.363	355	.174	-2.00	.147	.490	.089				
			-1.394	208.020	.165	-2.00	.144	.484	.083				
			.630	355	.529	.088	.140	.187	.363				
			.609	183.384	.543	.088	.145	.197	.373				
			-3.786	355	.000	-5.51	.146	.837	-.265				
			-4.738	333.027	.000	-5.51	.116	.780	-.322				
			-2.382	355	.018	-2.7654	.11607	.50481	-.04826				
			-2.512	223.509	.013	-2.7654	.11009	.49347	-.05960				
			-3.920	355	.000	-2.9185	.07445	.43827	-.14543				
			-4.503	276.376	.000	-2.9185	.06481	.41942	-.16428				

Means between Customers and Employees in Private Banks

	Groups	N	Mean	Std. Deviation	Std. Error Mean
Using up-to-data equipment	customers	198	6.61	.710	.050
	employees	104	6.68	.754	.074
The physical facilities of bank	customers	198	6.16	.984	.070
	employees	104	6.50	.654	.064
The appearance of bank employees	customers	198	6.48	.643	.046
	employees	104	6.68	.544	.053
Bank suitability appearance with the nature of service provided	customers	198	6.14	.918	.065
	employees	104	6.32	.839	.082
SUMTANE	customers	198	6.3485	.63056	.04481
	employees	104	6.5457	.46185	.04529
The bank promises to customers	customers	198	6.29	1.029	.073
	employees	104	6.25	1.077	.106
Bank Sympathy with customer's problems	customers	198	5.79	1.249	.089
	employees	104	6.00	1.061	.104
Providing proper service to the customer from the first time	customers	198	6.08	1.209	.086
	employees	104	6.24	1.000	.098
Providing service at the time promised	customers	198	6.03	1.539	.109
	employees	104	6.22	.995	.098
Bank records	customers	198	6.45	.834	.059
	employees	104	6.68	.672	.066
SUMRELE	customers	198	6.1263	.89421	.06355
	employees	104	6.2788	.69975	.06862
Telling customer from the time of providing service	customers	198	5.83	1.161	.083
	employees	104	6.06	1.148	.113
Provide services a prompt and quick to customers	customers	198	6.09	1.225	.087
	employees	104	6.23	.803	.079
Willingness to help customers	customers	198	6.04	1.256	.089
	employees	104	6.48	.668	.066
Responding to customers requests	customers	198	5.91	1.163	.083
	employees	104	5.99	1.273	.125
SUMRESE	customers	198	5.9659	1.03359	.07345
	employees	104	6.1899	.71775	.07038
The impact of employees' behaviour on customers	customers	198	6.28	1.003	.071
	employees	104	6.48	.710	.070
Customers' treatments with the bank	customers	198	6.44	.858	.061
	employees	104	6.77	.507	.050
Employees' behaviour with customers	customers	198	6.39	1.020	.073
	employees	104	6.63	.578	.057
Knowledge and understanding of bank employees	customers	198	6.42	.861	.061
	employees	104	6.70	.605	.059
SUMASSE	customers	198	5.5892	1.04357	.07416
	employees	104	5.8125	.81009	.07944
Bank caring to customers	customers	198	5.32	1.543	.110
	employees	104	5.60	1.211	.119
Employees attention to customers	customers	198	4.83	1.759	.125
	employees	104	5.30	1.343	.132
Bank employees' awareness of the customer needs	customers	198	5.55	1.339	.095
	employees	104	5.99	1.047	.103
Bank attention of the interest of customers	customers	198	5.76	1.291	.092
	employees	104	5.98	1.088	.107
Suitability of working hours for customers	customers	198	5.82	1.223	.087
	employees	104	5.68	1.436	.141
The clarity of bank charges for customers	customers	198	6.25	1.000	.071
	employees	104	6.33	.918	.090
SUMEMPE	customers	198	5.5892	1.04357	.07416
	employees	104	5.8125	.81009	.07944
Overall	customers	198	5.9238	.82065	.05832
	employees	104	6.1279	.58195	.05707

Independent sample t-test (Employees' perceptions of customers' expectations in private bank)

	Levene's Test for Equality of Variances		t-test for Equality of Means									
	F	Sig.	t	df	Sig. (2-tailed)		Mean Difference		Std. Error Difference		95% Confidence Interval of the Difference	
					Lower	Upper	Lower	Upper	Lower	Upper	Lower	Upper
Using up-to-date equipment	.945	.332	-8.72	300	.384	.384	-.077	.088	-.249	.096	-.249	.096
The physical facilities of bank	6.904	.009	-8.56	198.75	.393	.393	-.077	.089	-.253	.100	-.253	.100
The appearance of bank employees	13.959	.000	-3.15	300	.002	.002	-.338	.107	-.549	-.128	-.549	-.128
Bank suitability appearance with the nature of service provided	.184	.668	-3.56	283.90	.000	.000	-.338	.095	-.525	-.152	-.525	-.152
SUMTANE	5.951	.015	-2.67	300	.008	.008	-.198	.074	-.343	-.052	-.343	-.052
The bank promises to customers	.001	.980	-2.81	241.46	.005	.005	-.198	.070	-.336	-.059	-.336	-.059
Bank Sympathy with customer's problems	7.101	.008	-1.62	300	.104	.104	-.176	.108	-.388	.037	-.388	.037
Providing proper service to the customer from the first time	1.175	.279	-1.67	226.43	.095	.095	-.176	.105	-.383	.031	-.383	.031
Providing service at the time promised	5.111	.024	-2.81	300	.005	.005	-.19719	.07002	-.33499	-.05939	-.33499	-.05939
Bank records	14.379	.000	-3.09	268.73	.002	.002	-.19719	.06371	-.32263	-.07175	-.32263	-.07175
SUMRELE	4.690	.031	.299	300	.765	.765	.038	.127	-.211	.287	-.211	.287
Telling customer from the time of providing service	.888	.347	.295	201.24	.768	.768	.038	.128	-.215	.291	-.215	.291
Provide services a prompt and quick to customers	6.112	.014	-1.47	300	.141	.141	-.212	.144	-.495	.071	-.495	.071
Willingness to help customers	8.624	.004	-1.55	240.69	.122	.122	-.212	.137	-.482	.057	-.482	.057
Responding to customers requests	.357	.551	-1.19	300	.235	.235	-.165	.138	-.437	.107	-.437	.107
SUMRESE	4.821	.029	-1.26	246.02	.208	.208	-.165	.130	-.421	.092	-.421	.092
The impact of employees' behaviour on customers	6.066	.014	-1.17	300	.241	.241	-.196	.167	-.524	.132	-.524	.132
Customers' treatments with the bank	20.989	.000	-1.33	287.37	.182	.182	-.196	.147	-.484	.093	-.484	.093
Employees' behaviour with customers	11.513	.001	-2.40	300	.017	.017	-.228	.095	-.415	-.042	-.415	-.042
Knowledge and understanding of bank employees	15.431	.000	-2.57	251.14	.011	.011	-.228	.089	-.403	-.054	-.403	-.054
			-1.51	300	.131	.131	-.15258	.10083	-.35100	.04584	-.35100	.04584
			-1.63	256.72	.104	.104	-.15258	.09352	-.33675	.03159	-.33675	.03159
			-1.60	300	.110	.110	-.224	.140	-.500	.051	-.500	.051
			-1.60	211.52	.109	.109	-.224	.140	-.499	.051	-.499	.051
			-1.08	300	.277	.277	-.145	.133	-.407	.117	-.407	.117
			-1.23	285.53	.218	.218	-.145	.117	-.376	.086	-.376	.086
			-3.37	300	.001	.001	-.445	.132	-.705	-.186	-.705	-.186
			-4.02	299.94	.000	.000	-.445	.111	-.663	-.228	-.663	-.228
			-5.59	300	.577	.577	-.081	.146	-.368	.205	-.368	.205
			-5.43	193.58	.588	.588	-.081	.150	-.377	.214	-.377	.214
			-1.97	300	.049	.049	-.22399	.11350	-.44735	-.00064	-.44735	-.00064
			-2.20	277.46	.028	.028	-.22399	.10173	-.42426	-.02373	-.42426	-.02373
			-1.79	300	.074	.074	-.198	.111	-.416	.020	-.416	.020
			-1.98	274.37	.048	.048	-.198	.100	-.394	-.002	-.394	-.002
			-3.54	300	.000	.000	-.325	.092	-.505	-.145	-.505	-.145
			-4.13	295.87	.000	.000	-.325	.079	-.480	-.170	-.480	-.170
			-2.18	300	.030	.030	-.236	.108	-.449	-.023	-.449	-.023
			-2.56	298.31	.011	.011	-.236	.092	-.417	-.055	-.417	-.055
			-2.98	300	.003	.003	-.283	.095	-.469	-.096	-.469	-.096
			-3.31	275.59	.001	.001	-.283	.085	-.451	-.115	-.451	-.115

Independent sample t-test (Employees' perceptions of customers' expectations in private bank) (Continue)

	Levene's Test for Equality of Variances		t-test for Equality of Means										
	F	Sig.	t		df		Sig. (2-tailed)	Mean Difference		Std. Error Difference		95% Confidence Interval of the Difference	
			Lower	Upper	Upper	Lower		Upper	Lower	Upper	Lower	Upper	
SUMASSE	7.641	.006	-1.90	300	.058	-2.2329	.11744	-.45440	.00782	.11744	-.45440	.00782	
Bank caring to customers	2.324	.128	-2.05	258.234	.041	-2.2329	.10867	-.43729	-.00929	.10867	-.43729	-.00929	
Employees attention to customers	11.813	.001	-1.56	300	.118	-.273	.174	-.616	.070	.174	-.616	.070	
Bank employees' awareness of the customer needs	4.883	.028	-1.68	256.234	.093	-.273	.162	-.591	.045	.162	-.591	.045	
Bank attention of the interest of customers	5.747	.017	-2.35	300	.019	-.465	.197	-.853	-.077	.197	-.853	-.077	
Suitability of working hours for customers	1.369	.243	-2.56	261.318	.011	-.465	.182	-.822	-.107	.182	-.822	-.107	
The clarity of bank charges for customers	.734	.392	-2.91	300	.004	-.440	.151	-.737	-.143	.151	-.737	-.143	
SUMEMPE	7.641	.006	-3.14	256.794	.002	-.440	.140	-.716	-.164	.140	-.716	-.164	
Overall	8.918	.003	-1.50	300	.134	-.223	.148	-.515	.069	.148	-.515	.069	
			-1.58	242.351	.114	-.223	.141	-.500	.054	.141	-.500	.054	
			.892	300	.373	.141	.157	-.169	.450	.157	-.169	.450	
			.849	182.571	.397	.141	.166	-.186	.467	.166	-.186	.467	
			-.675	300	.500	-.079	.118	-.311	.152	.118	-.311	.152	
			-.693	225.433	.489	-.079	.115	-.305	.147	.115	-.305	.147	
			-1.90	300	.058	-2.2329	.11744	-.45440	.00782	.11744	-.45440	.00782	
			-2.05	258.234	.041	-2.2329	.10867	-.43729	-.00929	.10867	-.43729	-.00929	
			-2.25	300	.025	-.20407	.09050	-.38217	-.02596	.09050	-.38217	-.02596	
			-2.50	274.156	.013	-.20407	.08160	-.36470	-.04344	.08160	-.36470	-.04344	

Means between Managers and Employees in Public Banks

	Groups	N	Mean	Std. Deviation	Std. Error Mean
Using up-to-date equipment	Employees	106	6.76	.684	.066
	Managers	46	6.72	.807	.119
The physical facilities of bank	Employees	106	6.66	.584	.057
	Managers	46	6.59	.580	.086
The appearance of bank employees	Employees	106	6.76	.427	.041
	Managers	46	6.72	.621	.091
Bank suitability appearance with the nature of service provided	Employees	106	6.46	.875	.085
	Managers	46	6.07	1.200	.177
SUMTANG	Employees	106	6.6627	.40391	.03923
	Managers	46	6.5217	.57933	.08542
The bank promises to customers	Employees	106	6.46	.853	.083
	Managers	46	6.24	1.058	.156
Bank Sympathy with customer's problems	Employees	106	6.12	1.093	.106
	Managers	46	5.85	1.282	.189
Providing proper service to the customer from the first time	Employees	106	6.34	.975	.095
	Managers	46	6.30	.813	.120
Providing service at the time promised	Employees	106	6.21	.943	.092
	Managers	46	5.96	1.210	.178
Bank records	Employees	106	6.75	.479	.047
	Managers	46	6.65	.526	.078
SUMREL	Employees	106	6.3755	.62622	.06082
	Managers	46	6.2000	.71056	.10477
Telling customer from the time of providing service	Employees	106	5.92	1.152	.112
	Managers	46	5.80	1.293	.191
Provide services a prompt and quick to customers	Employees	106	6.41	.701	.068
	Managers	46	6.30	.963	.142
Willingness to help customers	Employees	106	6.36	.665	.065
	Managers	46	5.96	1.134	.167
Responding to customers requests	Employees	106	6.09	1.000	.097
	Managers	46	6.17	1.060	.156
SUMRESS	Employees	106	6.1958	.65101	.06323
	Managers	46	6.0598	.80998	.11943
The impact of employees' behaviour on customers	Employees	106	6.54	.664	.065
	Managers	46	6.65	.526	.078
Customers' treatments with the bank	Employees	106	6.66	.646	.063
	Managers	46	6.74	.444	.065
Employees' behaviour with customers	Employees	106	6.69	.505	.049
	Managers	46	6.70	.465	.069
Knowledge and understanding of bank employees	Employees	106	6.64	.555	.054
	Managers	46	6.61	.577	.085
SUMAUSS	Employees	106	6.6321	.40416	.03926
	Managers	46	6.6739	.40438	.05962
Bank caring to customers	Employees	106	5.72	1.300	.126
	Managers	46	5.37	1.388	.205
Employees attention to customers	Employees	106	5.22	1.604	.156
	Managers	46	5.04	1.349	.199
Bank employees' awareness of the customer needs	Employees	106	5.96	1.103	.107
	Managers	46	5.78	1.228	.181
Bank attention of the interest of customers	Employees	106	6.08	1.220	.118
	Managers	46	6.07	.904	.133
Suitability of working hours for customers	Employees	106	5.79	1.278	.124
	Managers	46	5.78	1.114	.164
The clarity of bank charges for customers	Employees	106	6.44	.769	.075
	Managers	46	6.41	.909	.134
SUMEMP	Employees	106	5.8695	.91084	.08847
	Managers	46	5.7428	.87044	.12834
Overall	Employees	106	6.3471	.48993	.04759
	Managers	46	6.2396	.54196	.07991

Independent sample t-test (Managers' and employees' perceptions of customers' expectations in public banks) (Continue)

	Levene's Test for Equality of Variances		t-test for Equality of Means									
	F	Sig.	t	df	Sig. (2-tailed)		Mean Difference		Std. Error Difference		95% Confidence Interval of the Difference	
					Lower	Upper	Lower	Upper	Lower	Upper	Lower	Upper
The impact of employees' behaviour on customers	4.054	.046	-1.035	150	.302	.114	.111	-.333	.104	.111	-.333	.104
Customers' treatments with the bank	2.795	.097	-1.135	106.982	.259	-.114	.101	-.314	.085	.101	-.314	.085
Employees' behaviour with customers	.184	.668	-.869	121.611	.387	-.079	.105	-.285	.128	.105	-.285	.128
Knowledge and understanding of bank employees	.258	.612	-.080	150	.936	-.007	.087	-.179	.165	.087	-.179	.165
SUMAUSS	.342	.560	.326	82.779	.745	.033	.101	-.167	.233	.101	-.167	.233
Bank caring to customers	.643	.424	1.483	150	.140	.347	.234	-.116	.810	.234	-.116	.810
Employees attention to customers	1.609	.207	1.445	80.769	.152	.347	.241	-.131	.826	.241	-.131	.826
Bank employees' awareness of the customer needs	.134	.715	.687	100.844	.494	.174	.253	-.328	.675	.253	-.328	.675
Bank attention of the interest of customers	2.308	.131	.854	77.975	.396	.180	.210	-.239	.598	.210	-.239	.598
Suitability of working hours for customers	.321	.572	.110	113.725	.912	.020	.178	-.376	.415	.178	-.376	.415
The clarity of bank charges for customers	.022	.883	.211	150	.833	.030	.144	-.254	.314	.144	-.254	.314
SUMEMP	.001	.978	.799	89.287	.418	.12674	.15871	-.18685	.44034	.15871	-.18685	.44034
Overall	1.970	.163	1.203	150	.231	.10747	.08936	-.06909	.28403	.08936	-.06909	.28403
			1.156	78.354	.251	.10747	.09300	-.07767	.29261	.09300	-.07767	.29261

Means between Managers and Employees in Private Banks

	Groups	N	Mean	Std. Deviation	Std. Error Mean
Using up-to-date equipment	Employees	104	6.68	.754	.074
	Managers	54	6.56	1.127	.153
The physical facilities of bank	Employees	104	6.50	.654	.064
	Managers	54	6.52	1.094	.149
The appearance of bank employees	Employees	104	6.68	.544	.053
	Managers	54	6.70	.500	.068
Bank suitability appearance with the nature of service provided	Employees	104	6.32	.839	.082
	Managers	54	6.46	.573	.078
SUMTA	Employees	104	6.2788	.69975	.06862
	Managers	54	6.3556	.58621	.07977
The bank promises to customers	Employees	104	6.25	1.077	.106
	Managers	54	6.33	1.082	.147
Bank Sympathy with customer's problems	Employees	104	6.00	1.061	.104
	Managers	54	6.15	.833	.113
Providing proper service to the customer from the first time	Employees	104	6.24	1.000	.098
	Managers	54	6.37	.896	.122
Providing service at the time promised	Employees	104	6.22	.995	.098
	Managers	54	6.26	.955	.130
Bank records	Employees	104	6.68	.672	.066
	Managers	54	6.67	.549	.075
SUMRE	Employees	104	6.2788	.69975	.06862
	Managers	54	6.3556	.58621	.07977
Telling customer from the time of providing service	Employees	104	6.06	1.148	.113
	Managers	54	6.07	1.043	.142
Provide services a prompt and quick to customers	Employees	104	6.23	.803	.079
	Managers	54	6.37	.996	.136
Willingness to help customers	Employees	104	6.48	.668	.066
	Managers	54	6.19	1.011	.138
Responding to customers requests	Employees	104	5.99	1.273	.125
	Managers	54	6.15	1.204	.164
SUMRES	Employees	104	6.1899	.71775	.07038
	Managers	54	6.1944	.86965	.11834
The impact of employees' behaviour on customers	Employees	104	6.48	.710	.070
	Managers	54	6.50	1.129	.154
Customers' treatments with the bank	Employees	104	6.77	.507	.050
	Managers	54	6.67	.777	.106
Employees' behaviour with customers	Employees	104	6.63	.578	.057
	Managers	54	6.63	.784	.107
Knowledge and understanding of bank employees	Employees	104	6.70	.605	.059
	Managers	54	6.50	.841	.114
SUMAUS	Employees	104	6.6442	.41321	.04052
	Managers	54	6.5741	.78852	.10730
Bank caring to customers	Employees	104	5.60	1.211	.119
	Managers	54	5.80	.939	.128
Employees attention to customers	Employees	104	5.30	1.343	.132
	Managers	54	5.61	1.123	.153
Bank employees' awareness of the customer needs	Employees	104	5.99	1.047	.103
	Managers	54	6.02	.921	.125
Bank attention of the interest of customers	Employees	104	5.98	1.088	.107
	Managers	54	6.04	1.045	.142
Suitability of working hours for customers	Employees	104	5.68	1.436	.141
	Managers	54	5.72	1.280	.174
The clarity of bank charges for customers	Employees	104	6.33	.918	.090
	Managers	54	6.50	.771	.105
SUMEM	Employees	104	5.8125	.81009	.07944
	Managers	54	5.9475	.77960	.10609
Overall	Employees	104	6.2409	.56356	.05526
	Managers	54	6.2854	.61838	.08415

Independent sample t-test (Managers' and employees' perceptions of customers' expectations in private banks)

	Levene's Test for Equality of Variances		t-test for Equality of Means							
	F	Sig.	t	df	Sig. (2-tailed)		Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
					Lower	Upper			Lower	Upper
Using up-to-date equipment	2.674	.104	.844	156	.400	.127	.151	-.170	.425	
			.747	78.303	.457	.127	.170	-.212	.466	
The physical facilities of bank	1.120	.292	-.133	156	.894	-.019	.139	-.294	.256	
			-.114	73.156	.909	-.019	.162	-.342	.305	
The appearance of bank employees	.403	.526	-.236	156	.813	-.021	.089	-.197	.155	
			-.243	115.729	.809	-.021	.087	-.192	.150	
Bank suitability appearance with the nature of service provided	4.540	.035	-1.144	156	.255	-.146	.127	-.397	.106	
			-1.284	144.480	.201	-.146	.113	-.370	.078	
SUMTA	.853	.357	-.689	156	.492	-.07671	.11127	-.29649	.14307	
			-.729	125.176	.467	-.07671	.10522	-.28496	.13154	
The bank promises to customers	.121	.729	-.461	156	.646	-.083	.181	-.441	.274	
			-.460	107.035	.646	-.083	.181	-.442	.276	
Bank Sympathy with customer's problems	.934	.335	-.892	156	.374	-.148	.166	-.476	.180	
			-.962	131.751	.338	-.148	.154	-.453	.156	
Providing proper service to the customer from the first time	.186	.667	-.802	156	.424	-.130	.162	-.450	.190	
			-.831	118.213	.408	-.130	.157	-.440	.180	
Providing service at the time promised	.109	.742	-.231	156	.817	-.038	.165	-.363	.287	
			-.234	111.314	.815	-.038	.163	-.360	.284	
Bank records	.035	.852	.151	156	.880	.016	.106	-.194	.226	
			.161	127.689	.873	.016	.100	-.181	.213	
SUMRE	.853	.357	-.689	156	.492	-.07671	.11127	-.29649	.14307	
			-.729	125.176	.467	-.07671	.10522	-.28496	.13154	
Telling customer from the time of providing service	.384	.536	-.088	156	.930	-.016	.187	-.385	.352	
			-.090	116.781	.928	-.016	.181	-.375	.342	
Provide services a prompt and quick to customers	.587	.445	-.953	156	.342	-.140	.147	-.429	.150	
			-.890	89.576	.376	-.140	.157	-.451	.172	
Willingness to help customers	2.521	.114	2.200	156	.029	.296	.134	.030	.561	
			1.940	77.708	.056	.296	.152	-.008	.599	
Responding to customers requests	.157	.693	-.752	156	.453	-.158	.210	-.572	.256	
			-.766	112.856	.445	-.158	.206	-.566	.250	
SUMRES	.729	.395	-.035	156	.972	-.00454	.12961	-.26055	.25147	
			-.033	91.247	.974	-.00454	.13769	-.27804	.26896	

Independent sample t-test (Managers' and employees' perceptions of customers' expectations in private banks) (Continue)

	Levene's Test for Equality of Variances				t-test for Equality of Means											
	F		Sig.		t		df		Sig. (2-tailed)		Mean Difference		Std. Error Difference		95% Confidence Interval of the Difference	
	Lower	Upper	Lower	Upper	Lower	Upper	Lower	Upper	Lower	Upper	Lower	Upper	Lower	Upper	Lower	Upper
The impact of employees' behaviour on customers	1.557	.214	-.131	.156	.896	-.019	.147	156	.896	-.019	.147	-.309	.271	Equal variances assumed		
	2.800	.096	-.114	75.402	.910	-.019	.169	156	.910	-.019	.169	-.355	.317	Equal variances not assumed		
Customers' treatments with the bank	.117	.733	.999	156	.319	.103	.103	156	.319	.103	.103	-.100	.305	Equal variances assumed		
	3.883	.051	.878	77.070	.383	.103	.117	77.070	.383	.103	.117	-.130	.335	Equal variances not assumed		
Employees' behaviour with customers	2.726	.101	-.042	156	.966	-.005	.110	156	.966	-.005	.110	-.222	.212	Equal variances assumed		
	7.618	.006	-.038	83.660	.970	-.005	.121	83.660	.970	-.005	.121	-.245	.236	Equal variances not assumed		
Knowledge and understanding of bank employees	2.299	.131	1.733	156	.085	.202	.117	156	.085	.202	.117	-.028	.432	Equal variances assumed		
	.789	.376	1.566	82.288	.121	.202	.129	82.288	.121	.202	.129	-.055	.458	Equal variances not assumed		
SUMMAUS	7.618	.006	.735	156	.464	.07016	.09547	156	.464	.07016	.09547	-.11843	.25874	Equal variances assumed		
	2.299	.131	.612	68.475	.543	.07016	.11470	68.475	.543	.07016	.11470	-.15869	.29901	Equal variances not assumed		
Bank caring to customers	2.299	.131	-1.060	156	.291	-.200	.189	156	.291	-.200	.189	-.573	.173	Equal variances assumed		
	.789	.376	-1.147	132.987	.253	-.200	.174	132.987	.253	-.200	.174	-.545	.145	Equal variances not assumed		
Employees attention to customers	2.299	.131	-1.467	156	.144	-.313	.213	156	.144	-.313	.213	-.735	.109	Equal variances assumed		
	.789	.376	-1.552	125.369	.123	-.313	.202	125.369	.123	-.313	.202	-.712	.086	Equal variances not assumed		
Bank employees' awareness of the customer needs	.003	.958	-.167	156	.868	-.028	.169	156	.868	-.028	.169	-.362	.305	Equal variances assumed		
	3.75	.058	-.174	120.162	.862	-.028	.162	120.162	.862	-.028	.162	-.349	.293	Equal variances not assumed		
Bank attention of the interest of customers	1.238	.268	-.312	156	.755	-.056	.180	156	.755	-.056	.180	-.412	.300	Equal variances assumed		
	.155	.694	-.316	111.280	.752	-.056	.178	111.280	.752	-.056	.178	-.409	.296	Equal variances not assumed		
Suitability of working hours for customers	.521	.472	-.170	156	.865	-.040	.232	156	.865	-.040	.232	-.498	.419	Equal variances assumed		
	1.238	.268	-.176	118.833	.860	-.040	.224	118.833	.860	-.040	.224	-.483	.404	Equal variances not assumed		
The clarity of bank charges for customers	.155	.694	-1.185	156	.238	-.173	.146	156	.238	-.173	.146	-.462	.116	Equal variances assumed		
	.521	.472	-1.252	124.975	.213	-.173	.138	124.975	.213	-.173	.138	-.447	.101	Equal variances not assumed		
SUMEM	.521	.472	-1.006	156	.316	-.13503	.13416	156	.316	-.13503	.13416	-.40004	.12998	Equal variances assumed		
	1.238	.268	-1.019	111.115	.310	-.13503	.13253	111.115	.310	-.13503	.13253	-.39765	.12759	Equal variances not assumed		
Overall	.521	.472	-.456	156	.649	-.04457	.09775	156	.649	-.04457	.09775	-.23765	.14851	Equal variances assumed		
	1.238	.268	-.443	99.087	.659	-.04457	.10067	99.087	.659	-.04457	.10067	-.24432	.15519	Equal variances not assumed		