



**DETERMINANTS OF CUSTOMER-
PERCEIVED SERVICE QUALITY AND THEIR
RELATIONSHIP TO CUSTOMER
SATISFACTION AND LOYALTY IN
AGROBANK**

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ABSTRACT

Purpose – This study attempts to examine the determinants of customer-perceived service quality and their relationship to customer satisfaction and loyalty in Agrobank.

Design/methodology/approach – In 2000 Bahia and Nantel proposed a specific scale, the BSQ, (Bank Service Quality) for measuring perceived service quality in retail banking consisting of six dimensions: effectiveness and assurance; access; price; tangibles; service portfolio; and reliability. The data were collected and administered by means of structured questionnaires based on BSQ (Bahia and Nantel, 2000). There were 98 usable, completed returned questionnaires for analysis using SPSS Version 16 software. Statistical methods, such as the t-test, Cronbach's-alpha and factor analysis, were then employed to answer the research questions.

Findings – The results showed that there are many factors that influence customers' satisfactions and dissatisfactions; and loyalty toward the banking service provider namely effectiveness, assurance, reliability, access, price and tangibility. There are no significant differences in their perceptions of the bank service quality between all the demographic variables. The research also revealed that generally the respondents were fairly satisfied with the level of service quality performed by Agrobank.

Practical Implication – The results have significant implications for Agrobank in formulating, implementing and evaluating their operational, marketing and human resource strategies.

Originality/value – This study is important to determine key relationships between service dimensions, service performance and cultural settings to achieve higher customer focus, to increased customer satisfaction in order to achieve higher customers' loyalty.

Key words: Service Quality, Bank, Customer, Customer Satisfaction, Loyalty

CHAPTER ONE

INTRODUCTION

1.1 Background and the Scope of the Study

This chapter will include the background of the research, the problem statement, the objectives of the research, the research questions, significance of the study, the limitations of the research and terms of definition.

This study focuses on the factors that affect the level of customers' satisfaction and loyalty on the services provided by Agrobank. It is crucial to identify areas for improvement and enhancement of service efficiency and quality.

Agrobank or Bank Pertanian Malaysia Berhad (BPMB), was formally known as Bank Pertanian Malaysia (BPM), an Agricultural Bank of Malaysia. It was established by the act of Parliament on 1st September 1969 and commenced operations in early 1970. The formation of BPM was in line with the government's policy to provide banking services for the development of agricultural sector in Malaysia. The bank corporatized on the 1st of April 2008, which is the Government Link Companies (GLCs) number eighty-eight, under Bank Pertanian Malaysia Berhad Act 2008 and Companies Act 1965