

UNIVERSITI TEKNOLOGI MARA

**MANAGING SERVICE QUALITY,
CUSTOMER'S SATISFACTION AND
LOYALTY: THE CASE OF RHB
BANK JALAN PADUNGAN BRANCH**

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Arshad Ayub Graduate Business School


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AUTHOR'S DECLARATION

I declare that the work in this dissertation was carried out in accordance with the regulations of Universiti Teknologi MARA. It is original and the results of my own work, unless otherwise indicated or acknowledged as referenced work. This dissertation has not been submitted to any academic institution or non-academic institution for any degree or qualification.

I, hereby, acknowledge that I have been supplied with the Academic Rules and regulations for Post Graduate, Universiti Teknologi MARA, regulating the conduct of my study and research.

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ABSTRACT

Service quality is one of the key determinant in customer's satisfaction and loyalty in banking industry. As such, the basis of the research was to explore the level of service quality, customer's satisfaction and loyalty; that determine the importance of each service quality elements in rank order and also assessing the strength of relationship between service quality, customer's satisfaction and loyalty in the case of RHB Bank Jalan Padungan customers. By adapting the Banking Service Quality (BSQ) Index model, there are 29 service quality variables that have been identified and grouped into three service quality dimensions namely responsiveness, systemization of service delivery and reliable communication. These are then analysed using compare means analysis, regression analysis and Pearson Correlation analysis. The findings suggested that the level of service quality of RHB Bank Jalan Padungan is significantly strong and responsiveness has been identified as the most significant dimension, followed by reliable communication and systemization of service delivery respectively. The research also found that there are relatively strong relationship between service quality, customer's satisfaction and loyalty. Therefore, it is strongly recommended that the manager should focus on the element of responsiveness and reliable communication in service quality by adopting effective strategies and action plan. To improve the level of responsiveness it is suggested that the manager implement the queue management system, improve competencies and professionalism, portray conducive atmosphere and effective layout and implement strategic employee management system. To improve reliable communication, the manager should ensure protection of customer confidentiality; ever ready ATM, CDM and cheque deposit machines to ensure service ethics are dependable and reliable. Lastly, there is a need to improve systemization of service delivery and to ensure easy and simplified process for complain and feedback management system.

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CHAPTER ONE

INTRODUCTION

Since the 1980s, numerous researches have been done to determine the determinants of the customer's satisfaction in the services industry. The reason for this is to the raise its popularity level among the service industry at that time (Cronin and Taylor, 1992). A structured model of service quality determination has begun in 1985 when SERVQUAL model was developed by Parasuraman. The model identified five dimensions of service quality that are proven as relevant factors that determine the level of service quality in an organization. Since then, SERVQUAL model is widely used to determine the level of service quality in various industries including banking industry.

Service quality is one of the most discussed topics as far as bank service is concern. There are numerous studies that have been conducted to test how service quality will affects sales volume, customer's complaint and customer's loyalty. Banking industry is a very competitive industry that plays a major role in a country's economy. Being one of the economic key players, the banks will inject a high volume of capital into ensuring service quality and at the same time retaining and increase their database. Therefore, the bank that is able to have the highest retention rate will be the market leader in the industry (Khong and Richardson, 2002). According to Tang and Zairi, 1998; the level of service quality is a unique indicator that differentiate a bank with competitors, whereby the one that is providing better services will likely have greater possibilities to succeed. Thus it is proven that service quality should be one of the elements that should be considered with utmost importance as it is a confirmed determinant in the success or failure of a bank (Zhang and Pan, 2009).

Knowing that service quality is a very prominent factor that influence customer's satisfaction and loyalty, this study was conducted to investigate the level of service quality at RHB Bank, Padungan branch and how it will affect customer's satisfaction and loyalty to the branch's services.