

THE INTERNATIONAL JOURNAL OF BUSINESS & MANAGEMENT

The Impact of Service Quality and Its Dimensions on Customer Satisfaction: A Case of Commercial Banking Sector of Karachi

Areeba Imtiaz Hussain

Student, Jinnah University for Women, Pakistan

Samreen Lodhi

Lecturer, Department of Business Administration, Jinnah University for Women, Pakistan

Abstract:

To gain customer satisfaction is very difficult in today's competitive era. Banking sector continuously making an effort to satisfied their customers' to survive in the marketplace. Service quality is considered as an essential driven factor for the success and survival of Banks across the globe. The aim of this research paper is to examine the impact of service quality and its dimensions on customer satisfaction in commercial banks of Karachi Pakistan. The research was quantitative. The sample size was 200 and questionnaire was distributed randomly. The responses were captured both manually and electronically. Correlation and regression analysis was used to test the relationship between variables with the help of SPSS. The results indicate that reliability and assurance has a positive relationship and has a moderate effect on customer satisfaction. Responsiveness has positive relationship, but it has a comparatively low significance on customer satisfaction. Tangibility has a positive relationship and has less significance over customer satisfaction. Moreover, Empathy has a positive relationship and it has a most strong significant effect on customer satisfaction, as customers want to be recognized. so it's concluded that service quality impact customer's satisfaction in a positive manner in commercial banks of Karachi Pakistan.

Keywords: Service Quality, Customer Satisfaction, Commercial Banks

1. Introduction

Banks contribute adequate potential in prosperity of different economies across the globe. From few past decades, banking sector had been the reason behind the continuous growth in Pakistan and due to several regulatory changes in past years the level of competition had risen across the industry. Different duties are performed by the banks, which are contradictory in nature. State Bank of Pakistan is the Central Bank of Pakistan, which is responsible to monitor and supervise all the activities related to the financial and banking services for the country's government and commercial banking system, as well as issuing currency and executing the government's monetary policy. Commercial banks offer financial services to the general public and companies, and usually have a wider network of their branches. Central bank always emphasizes upon the improvement of services quality and productivity of commercial banks, the reason behind choosing commercial banks of Pakistan as the target market in this research is that commercial banks provide efforts in demonstrating quality service as the firmly work on the principles of customer orientation, satisfaction and retention.

This research will study the relationship between service quality and customer satisfaction. Particularly, this research will investigate the impact of service quality dimensions, which are reliability, assurance, responsiveness, empathy and tangibility on customer satisfaction.

1.1. Service Quality

Quality is an essential driven factor for the success and survival of every business across the globe. Quality can be a degree of excellence, conformance to requirements, totality of characteristics which acts to satisfy a need, fitness for purpose, fitness for use, freedom from defects and delighting customers. In today's competitive environment quality is considered as a strategic organizational weapon to gain competitive advantage over the competitors. The other ways of attaining competitive advantage will not be effective in the long run if an adequate quality level isn't maintained. Quality is associated with uniformity because customer who is happy with the first buying experience, needs and wants to be just as happy on each further occasion.

Service quality is known as a comparison of expectations with performance. Service quality is based on customers' perception of the service. Service contains all economic activities whose deliverable is not a physical product or production and usually consumed at the time it is produced therefore, measuring the quality of a service can be a very difficult exercise for the service provider due to its

unique attributes such as intangibility, heterogeneity, inseparability and perishability. Furthermore there is a customer expectation with regards of service, which can vary significantly based on a range of factors such as previous experience, what other people may have told them and their personal needs. Without focusing on service quality, service organizations may encounter several challenges to survive in today's competitive era such as complaints by customers in order to avoid consequences as negative word of mouth. Consumers across the world now have become more quality conscious, therefore customers' demand for higher quality service have been risen up. However, with focus on service quality, companies gain customer satisfaction and loyalty and this may lead to attract new customers; hence customer retention is more cost effective as compared to developing new niche. Good service quality also uplifts the corporate image and increases profitability and market share in order to be competitive. Service quality can be achieved by meeting customer expectations effectively.

1.2. Service Quality Dimensions

According to many researches customers do not perceive quality in a one-dimension, but rather determine quality constructed on multiple factors applicable to the context. As a way of trying to measure service quality, (Parasuraman) researchers have determined specific dimensions of service quality that can apply through a variety of service perspectives. The 5 dimensions are reliability, responsiveness, assurance, empathy and tangibility which define in the below table.

Reliability	Ability to perform the promised service dependably and accurately
Responsiveness	Willingness to help customers and provide prompt service.
Assurance	Employees' knowledge and courtesy and their ability to convey trust and confidence.
Empathy	Caring, individualized attention provides to customers.
Tangibility	Appearance of physical facilities, equipment, personnel and written materials.

1.3. Customer Satisfaction

The term customer satisfaction is frequently used in marketing. It is a difficult and challengeable to express this most basic term of customer concept. According to (Oliver, 2003) satisfaction is the consumer's fulfillment response. It is a judgment that a product or service feature, or the product of service itself, provided (or is providing) a pleasurable level of consumption-related fulfillment.

We can say this in less technical terms that, satisfaction is the customer's assessment or judgment of a product or service in terms of whether that product or service has met their need and expectation or not. If the product or service is failed to meet customer's need and expectation than customer feels dissatisfied with the product or service and stop making future purchases. In a competitive era where businesses strive for customers to survive in the marketplace, customer satisfaction is seen as a core differentiator and gradually has become a key component of business strategy. Customer satisfaction provides organizations' loyal customers, which help them to attain a positive word-of-mouth marketing, which is both free and highly effective.

1.3.1. Problem Statement

Banking sector of Pakistan has been growing enormously despite of its critical social and economic problems. To retain customers is not a piece of cake in today's competitive environment. Due to increase in trend of globalization, competition increase enormously across the globe and for the survival of businesses and to get a competitive advantage companies must have to satisfy their customers by providing them the best services so that they became loyal with them and become a source of future revenue generation. In Pakistan, the area of service quality in the banking sector and its importance to gain customer satisfaction is still unexplored which establishes a need for further research. With the aim of filling this gap in studies, this research will be exploring service quality and its impact on customer satisfaction in banks of Karachi.

1.3.2. Research Questions

This research attends to find answers to the following questions:

- What is the impact of service quality on customer satisfaction?
- What is the significance of reliability on customer satisfaction?
- What is the significance of responsiveness on customer satisfaction?
- What is the significance of assurance on customer satisfaction?
- What is the significance of tangibility on customer satisfaction?
- What is the significance of empathy on customer satisfaction?

1.3.3. Significance of the Study

According to this research bank plays a vital role in the prosperity and growth of an economy. Banking sector of Pakistan has been growing vividly from last few decades despite of this practitioner in the banking sector faces many challenges globally. For the survival of business and acquiring the competitive advantage banks must understand the changing perspectives of customers regarding service quality. Comparatively, only a few researches have been done on service quality and its impact on customer satisfaction mainly in Karachi, Pakistan. After completion this study will provide an insight into a practical scenario that which factors customers perceive as important in choosing the bank and how it will affect customer satisfaction in banks. Furthermore, it will serve as a source of reference for the similar future researches.

1.3.4. Limitations of the Study

The current study has acknowledged limitations that should be considered. The limitations are as follows:

- This research is limited up to only one service sector “banking sector”. Other service sector can also be considered and show different results.
- The most important constraint for this research study was time since it is an academic research.
- The sample size of the research was small and limited to customers living in Karachi city only due to shortage of time.
- Due to short span of time, the potential differences in customer’s culture did not take into account.
- Customer loyalty was not discussed due to short span of time.
- Other variables may influence customer decision making process in the banking industry was not discussed, such as price, convenience, interest rates, security, service offered, access to services and reputation.

1.3.5. Objectives of the Study

The purpose of the research is to take the opinions of different peoples in Karachi city about the service quality in different commercial banks. Therefore, the objectives of this research are:

- To identify the relationship between service quality and customer satisfaction.
- To examine the impact of reliability on customer satisfaction.
- To examine the impact of responsiveness on customer satisfaction.
- To examine the impact of assurance on customer satisfaction.
- To examine the impact of tangibility on customer satisfaction.
- To examine the impact of empathy on customer satisfaction.

1.3.6. Scope of the Study

Banks play an essential and dynamic role in the financial and economic progress of a country. The scope of the study is to highlight the level of service quality and customer satisfaction specifically in commercial banking sector of Karachi and to identify Does service quality and its dimensions have an impact over customer satisfaction.

2. Literature Review

In 21th century customer is considered as the king. For the success of every business, organization strives for satisfying their customer because without customer no business can exist. For the retention of customer organizations need to confirm that quality product or service delivered to customers so that a customer can experience the “wow effect”. (Munusamy, Chelliah, & Mun, 2010) This research paper’s objective is to seek and test the level of customer satisfaction result from service quality in the banking sector in Malaysia. It was a quantitative research, 140 questionnaire copies were distributed to study the relationship between service quality dimensions and customer satisfaction but only 117 responded. The result of the survey indicated that there is a positive relationship exists between reliability and other elements, such as responsiveness, assurance, empathy and tangibility with customer satisfaction.

Service quality is known as a comparison of expectations with performance. Service quality is playing a vital role for the success of businesses. Same in the case of the banking sector, Quality is considered to be the key element for the development and customer retention. (Mohammad & Alhamadani, 2011)The research was conducted to study that how services quality Perceived by customers of banks operating in Jordan and its consequence on customer satisfaction. The improved version of SERVQUAL model is used to measure service quality included five dimensions of Service quality, which are Reliability, Responsiveness, Empathy, Tangibility and Assurance. The sample size was 260 and data was collected randomly from the customers of 13 commercial banks in Jordan. Multiple regression analysis was used to test the relationship between a service quality dimensions on customer satisfaction. The outcomes of the study showed that service quality and its dimensions are substantial element to maintain customer satisfaction.

In the past few decades, the global markets have experienced an unprecedented revolution due to technological advancement. New technology has provided new opportunities for companies to reach international consumers. Now Organizations are more consumer-focused through which level of competition in market increased. (Kaboli, Fath, & Azizi, 2011) According to the research conducted in Tejarat bank branches of Isfahan city, to gain customer satisfaction the bank must have to work on the improvement of service so customer can easily get the service which automatically increases customer satisfaction. The research also stated that physical attributes of service as well as technical requirements and inquiry to customer complaints do not have direct effect on customer satisfaction. The research results were very useful to banks managers as they used data to grasp their customer satisfaction and sustain competitive advantage.

Pakistani banking sector is maturing day by day. In the last few years massive change has been witnessed in the perception of retaining the customers for long life by the local and international companies in Pakistan. This could be possible due to increasing trend of globalization in the world. (Naeem, Akram, & Saif, 2009)The research was deliberated to test the influence of service quality on customer satisfaction in the Pakistani banking sector. The Data was collected from 200 respondents from Islamabad and Rawalpindi (50 % from a foreign bank and 50% from a public sector / nationalized bank located). The outcomes of multiple regressions analysis stated that foreign bank customers experienced a high level of service quality, on the other hand customer of a nationalized bank perceived low level of service quality. The results also concluded that there is a significant relationship between service quality and customer satisfaction.

No business can exist without having a customer. Every single business is focusing more in satisfying customer through excellent customer service as it is seen as a significant differentiator in today’s competitive marketplace. According to many studies poor

service quality is the main reason for increasing in customer Churn Rate. Successful businesses are emphasizing more in understanding the worth of customer lifetime value (CLV). (Omar, 2011)The researcher conducted a research in Bangladesh to study the interrelationship between service quality dimensions, customer satisfaction and customer loyalty in the retail banking sector as well as to classify the key attributes in setting a bank which may be experienced by customer. Sample size was 100 and the data was gathered from different retail banks. The research discovered that all service quality dimensions are positively interrelated to customer satisfaction and customer satisfaction is positively linked to customer loyalty in banks. Furthermore, research stated that empathy shows the highest positive relationship with customer satisfaction and tangibility demonstrates the least positive correlation with customer satisfaction.

According to (Lau, Lam, & Chu, 2013)research which presented the interrelationships among service quality, customer satisfaction and customer loyalty in the retail banking sector in Hong Kong showed that there is a positive impact of the five SERVQUAL dimensions of service quality on customer satisfaction. The data was collected from 119 retail banking customers of HSBC. The research furthermore indicated that reliability, tangibility, responsibility, and assurance were more major attribute of service quality which contributing towards customer satisfaction, while empathy was the least significant.

New innovative ways are provided by the modern era of the computer and the Internet to conduct everyday transactions, including banks. Online banking, to some extent becomes a part of simple banks transactions. And it's a great achievement of 21 century. The customer can easily access their accounts, pay their bills and transfer money from one account to another without any time and geographical constraint through electronic channels. The electronic banking makes customers life easy. Therefore e-banking is considered the key element in enhancing customer satisfaction. (nazaripour, 2012) Conducted a descriptive research which main objective is to examining and test the effective factors influencing Satisfaction and loyalty in E-banking. The data is collected from 351 respondents from the main branches of Melat bank who had actually using the online system. The findings of the study showed that there is a significant impact of service quality dimension and other variables on customer satisfaction; however satisfaction of the customer has had highly impacted by customer value and trust.

After privatization of banks in Pakistan many banks improved its efficiency, which has resulted in higher customer expectations. Nowadays customers demand better quality services from banks to satisfying their financial needs. For the better profitability and greater market share banks are emphasizing more on quality services to retain their customers. According to the latest research in Pakistan (Khan & Fasih, 2014)which aim was to determine the satisfaction and loyalty level of customers towards quality of different services delivered by the bank and also to find out which dimensions of service quality play an important role to boost satisfaction and loyalty of customer in a better way. The data was collected from 225 respondents randomly from both public and private banks. Findings of the research revealed that Service quality and all dimensions have substantial and positive link with customer satisfaction and customer loyalty.

Nowadays Consumers over the globe have become more quality conscious, therefore customer's demand for higher quality service have been increased. In order to have sustainable competitive advantage, service sector such as the banks are obliged to provide greater services to their customers. (Niveen El Saghier, 2013) In banks factors such as reliability, responsiveness, empathy and assurance influence users' evaluation of service quality. The result was obtained from 150 sample size randomly from Egyptian banks as the purpose of this study was to measure the quality of service from customers' perspective in banks.

According to one research in Pakistan by (SABIR, GHAFOR, AKHTAR, HAFEEZ, & REHMAN, 2014) indicated that there is a significant relationship between service quality traits and customer satisfaction. It also showed that positive relationship exists among customer satisfaction and customer loyalty. Objective of the research paper was to study the factors affecting Customer Satisfaction in Banking Sector of Pakistan and to discovery the relationship between Service Quality, Customer Satisfaction and Customer Loyalty. Data was gathered from four different cities: Arifwala, Sahiwal, Okara and Pakpatan.

A business that serves for their customers' needs will definitely achieve the loyalty of their customers, thus resulting in repeat business as well as create positive word of mouth. One research in the Nigerian banking industry by (Chinwuba & Egene, 2013) which objective was to evaluate customer-perceived service quality and customer satisfaction in banks. It was a quantitative research to study the relationship between service quality dimensions and customer satisfaction. Results from the study showed that reliability has negative relationship, but has no substantial effect on customer satisfaction whereas assurance; empathy and responsiveness have positive relationships, but have no substantial effects on customer satisfaction and Tangibles have a positive relationship and have substantial impact on customer satisfaction.

There are enough statistics and predictions available about acquiring a new customer is anywhere from 5-25% more costly than retaining an existing one. There is no need for the Companies to spend a huge amount of money, time and resource to find a new customer all you have to do is keep the one you have happy and satisfied. Retaining an existing customer is more valuable than making a new one because your company's 80% future revenue will come from just 20% of your present customers. Research in India (Arora & A.Sexena, 2013) concluded that service quality is an important factor in banks to retain customer. The study focused on finding the interrelationship between service quality aspects, customer satisfaction and customer loyalty in banking sector in Delhi. The questionnaire was distributed to 100 respondents randomly. According to results service quality leads to customer satisfaction and customer satisfaction leads to customer loyalty. But the customer loyalty is must for retaining them and customer satisfaction leads the customer loyalty.

Services are heterogeneous not homogeneous in nature. Heterogeneity in service makes it hard for a company to standardize the quality of its services which result in variation from one service to another or variation in the same service from day-to-day or from customer-to-customer. Therefore, for the success of any business, quality of a service plays a key role. One research by (Mosahab & Ramayah, 2010) which aimed was to determine the quality of services provided by Sepah Bank in Tehran (Iran), and moreover to

identify the relationship between the service quality, satisfaction and loyalty. 147 customers was targeted as a sample size. The research result showed that expectations of customers of the bank's operation were higher than their perception in all aspects, and the service quality was low. Moreover research concluded that the satisfaction of the customer plays mediator role in the effects of service quality on service loyalty.

According to (Lawanson, 2012) satisfaction is to know the impact of product or service on customer, which mean weather the product or service fulfill the need and expectations of them or they will buy the product in future or not. If the customer is happy then they will buy the product in future and also increase word of mouth marketing and they become beneficial for the company. The research was both descriptive and explanatory in design. The paper analyzed the customer satisfaction and its implications for bank performance in Nigeria. The paper identified the problem that banks in Nigeria faced problems in meeting customer expectation in terms of service and customer satisfaction. The data was collected through primary basis. The paper also strives to define the attributes of consumer behavior in term of their satisfaction. The paper concluded that customer did not satisfy with the service quality and efficiency of electronic banking services. The paper also suggested in the end that electronic banking product and service should improve because it was very beneficial to satisfied customers.

Service quality is important, even in education sector. According to (Tariq Khalil Bharwana, May 2013) Service quality play an important role in the customer satisfaction as most of the organization and institutes make effective strategies for enhancing the quality of service which are provided to customers in order to increase the satisfaction level of the customer towards any product or service. Service quality helps to leads the customer's loyalty and because of which the customer will be committed with those companies. In SERVQUAL model the four aspects assurance, reliability, responsiveness and tangible shows a positive relationship with customer satisfaction and service quality but on the other hand the empathy shows negative relationship.

3. Hypothesis

- Ho: There is no relationship between reliability and customer satisfaction.
- H2: There is relationship between reliability and customer satisfaction.
- Ho: There is no relationship between responsiveness and customer satisfaction.
- H3: There is relationship between responsiveness and customer satisfaction.
- Ho: There is no relationship between assurance and customer satisfaction.
- H4: There is relationship between assurance and customer satisfaction.
- Ho: There is no relationship between empathy and customer satisfaction.
- H5: There is relationship between empathy and customer satisfaction.
- Ho: There is no relationship between tangibility and customer satisfaction.
- H6: There is relationship between tangibility and customer satisfaction.

4. Methodology

In this section, the research paper discuss research model, research design, sample size, data collection procedures, statistical techniques and operational measures of variables used in the study as well as the statistical tests used to evaluate the hypothesis

4.1. Research Model

In view of the literature discussed above, we formulate the following research model for the study.

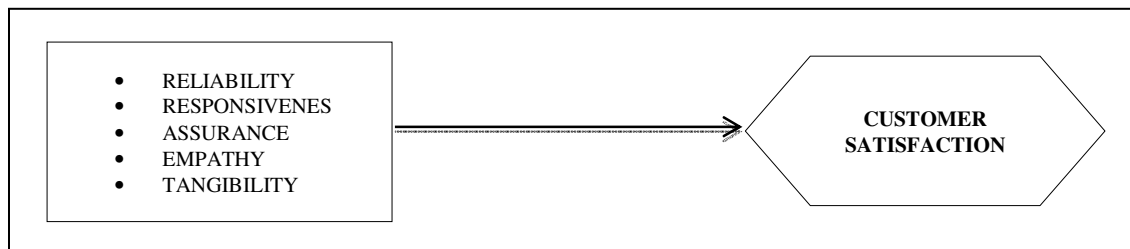


Figure 1

The above model shows the service quality and its dimension as an independent variables and customer satisfaction as the dependent variable.

4.2. Research Design

The aim of this research paper was to examine the impact of service quality and dimensions on customer satisfaction in different commercial banks of Karachi Pakistan. This paper adopts descriptive survey design. The approach which was followed in this research was primary data collection through questionnaire, consisting of 22 structured statements covering up all the research questions and hypothesis raised in the research study. A probability sample technique was used to collect responses from different respondent. The sample size was of 200. The responses were captured both manually and electronically. Among which 50 were collected electronically while 135 were filled manually, whereas 15 questionnaires remained unfilled due to uncertainties. The targeted audience comprises of all the individual customers of account holders of different commercial banks having operations in

Karachi. The analysis was done on the basis of quantitative research approach. The SPSS software was being used to test the relationship between dependent and independent variables.

4.3. Research Source

The main source to gather the data for the research was primary and taken through questionnaire. At the same time secondary data was also used to take a slightly support through different journals, books and video tutorials available on internet for determining the suitable variables, creating the questionnaire and interpreting the statistical results of the testing hypothesis.

4.4. Data Type

Data type of the research was quantitative and all questions in the questionnaire were close ended. A five point Likert Scale starting from strongly agree to strongly disagree (1 – 5) was used for the study, as the main objective of the paper is to determine whether the relationship between variables exist or not? And if it exists, to what extent they are correlated and what is the statistical equation that links those variables?

The questionnaire survey method was the main form of data collection.

4.5. Sample Size & Sampling Techniques

For this research study the sample size was of 200. The probability sample technique was used to collect responses from different respondent. The responses were captured both manually and electronically. Among which 50 were collected electronically while 135 were filled manually, whereas 15 questionnaires remained unfilled due to uncertainties.

4.6. Statistical Techniques:

The SPSS (statistical package for social science) software (version 20) was used for finding the statistical relationship between variables. The following tests were applied to analyze the relationship among dependent and independent variables.

- Descriptive Analysis
- Correlation Analysis
- Regression Analysis

5. Analysis and Interpretation of Hypothesis

5.1. Descriptive Statistics Analysis

The table 1 indicates that customers of Karachi commercial banks perceived Empathy with the highest mean scores, i.e. (M =2.31, SD = .766) to be the most dominant service quality and evident to a considerable extent, followed by Responsiveness (M = 2.28, SD = 0.719), Reliability (M = 3=2.25, SD = .670), service quality (M = 2.23, SD = .589) Assurance (M = 2.16, SD = .688), Tangible (M = 2.16, SD = .705) and customer satisfaction (M = 1.99, SD = 1.000) which were all rated as high practices by Karachi commercial banks. The standard deviations were relatively high, representing the dispersion in a widely-spread distribution. This means that the effects of service quality on customer satisfaction are an approximation to a normal distribution except tangibility which has Skewness greater than 1. This also indicates that respondents were in favor of customer satisfaction.

With the help of descriptive table, we identified that, to compute correlation between variable we use Pearson correlation but in case of tangibility we use spearman correlation because the Skewness is not lead between 1 to -1.

Descriptive Statistics							
	N	Minimum	Maximum	Mean	Std. Deviation	Skewness	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error
Tangibility	185	1	5	2.16	.705	1.296	.179
Reliability	185	1	4	2.25	.670	.380	.179
Responsiveness	185	1	4	2.28	.719	.330	.179
Assurance	185	1	5	2.16	.688	.764	.179
Empathy	185	1	5	2.31	.766	.851	.179
Customer satisfaction.	185	1	5	1.99	1.000	.879	.179
Valid N (list wise)	185						

Table 1

5.2. Analysis of Hypothesis 1

- Ho: There is no relationship between reliability and customer satisfaction.
- H5: There is relationship between reliability and customer satisfaction.

5.2.1. Correlation Analysis

Correlation refers to a technique used to measure the relationship between two or more variables. To test the relationship and impact of Reliability (independent variable) on Customer satisfaction (dependent variable) we applied Co-relation test. We applied Pearson correlation because the data is equally distributed.

Correlations			
		Reliability	Customer satisfaction.
Reliability	Pearson Correlation	1	.358**
	Sig. (2-tailed)		.000
	N	185	185
Customer satisfaction.	Pearson Correlation	.358**	1
	Sig. (2-tailed)	.000	
	N	185	185

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

Table 2

The above correlation matrix indicates that reliability is positively and moderately correlated with customer satisfaction because the value of Pearson correlation coefficient is ($r = +.358$) between. 30 & .70 and correlation significant at the level of 0.01 which is $p < 0.05$ means null hypothesis is rejected and there is a relationship between reliability and customer satisfaction.

5.2.2. Regression Analysis

In order to study and evaluate the proposed relationship between Reliability and customer satisfaction, the hypothesis were tested using simple linear regression analysis. The results are as follows

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.358 ^a	.128	.123	.936

a. Predictors: (Constant), Reliability

Table 3

The above model summary table shows the R value which is .358 same as correlation matrix. And the value of R square come out be 0.128 which means that 12.8% of variation in independent variable explained by dependent variable.

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	23.546	1	23.546	26.858	.000 ^b
	Residual	160.432	183	.877		
	Total	183.978	184			

a. Dependent Variable: Customer satisfaction.
b. Predictors: (Constant), Reliability

Table 4

This above ANOVA table shows there is significant relationship between reliability and customer satisfaction because sig value is 0.000 which is less than 0.05, hence null hypothesis is rejected.

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.787	.242		3.256	.001
	Reliability	.534	.103	.358	5.182	.000

a. Dependent Variable: Customer satisfaction.

Table 5

The above table coefficient entails the value of B, Beta which is known as rate of change. Sig value is 0.00 which means there is significant relationship between two variables.

By keeping other things constant, if there is 1% percent change in reliability results in 53.4% change in customer satisfaction and there is strong relationship among them. Under the light of above data, regression equation can be written as:

$$Y = 0.534X + 0.787$$

Where,

- Y= customer satisfaction
- M= slope
- X= reliability
- C=constant

5.3 Responsiveness Hypothesis 2

Ho: There is no relationship between responsiveness and customer satisfaction.

H3: There is relationship between responsiveness and customer satisfaction.

5.3.1. Correlation Analysis

We use Pearson correlation analysis because Skewness of the data is between 1 to -1 which means data is equally distributed.

Correlations			
		Responsiveness	Customer satisfaction.
Responsiveness	Pearson Correlation	1	.282**
	Sig. (2-tailed)		.000
	N	185	185
Customer satisfaction.	Pearson Correlation	.282**	1
	Sig. (2-tailed)	.000	
	N	185	185

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

Table 6

The above correlation matrix indicates there is a significant positive relationship between responsiveness and customer satisfaction because the value of Pearson correlation coefficient is ($r = +0.282$, $r \leq 0.30$) and correlation significant at the level of 0.01 which is $p \leq 0.05$, hence it is authenticate that null hypothesis is rejected and there is a positive relationship between responsiveness and customer satisfaction.

5.3.2. Regression Analysis

To study and evaluate the relationship between Responsiveness and customer satisfaction, the hypothesis were tested by using simple linear regression analysis. The results are as follows

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.282 ^a	.080	.075	.962

a. Predictors: (Constant), Responsiveness

Table 7

The above model summary have the same R value ($r = 0.282$) as correlation matrix and the value of R square come out be 0.080 which means that 8 % of variation in independent variable explained by a dependent variable.

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	14.645	1	14.645	15.826	.000 ^b
	Residual	169.334	183	.925		
	Total	183.978	184			

a. Dependent Variable: Customer satisfaction.

b. Predictors: (Constant), Responsiveness

Table 8

The above ANOVA table also significant at the same level as correlation which is less than 0.05 means null hypothesis is rejected, hence its again proven that there is a relationship between these two variables responsiveness and customer satisfaction.

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.095	.236		4.645	.000
	Responsiveness	.393	.099	.282	3.978	.000

a. Dependent Variable: Customer satisfaction.

Table 9

According to the above table coefficient entails the value of B, Beta which is known as rate of change. Sig value is 0.00 which means there is a significant relationship between two variables.

By keeping other things constant, if there is 1% percent change in responsiveness results in 39.3% change in customer satisfaction and we can say there is a significant relationship among them. In accordance of the above data, regression equation can be written as:

$$Y = 0.393(X) + 1.095$$

Where,

- Y= customer satisfaction
- m= slope
- X= Responsiveness
- C=constant

5.4. Hypothesis No 3 Assurance

Ho: There is no relationship between assurance and customer satisfaction.

H3: There is relationship between assurance and customer satisfaction.

5.4.1. Correlation Analysis

We use Pearson correlation analysis because Skewness of the data is between 1 to -1 which means data is equally distributed.

Correlations			
		Assurance	Customer satisfaction.
Assurance	Pearson Correlation	1	.348**
	Sig. (2-tailed)		.000
	N	185	185
Customer satisfaction.	Pearson Correlation	.348**	1
	Sig. (2-tailed)	.000	
	N	185	185

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

Table 10

The above correlation matrix indicates there is positive and moderate relationship between assurance and customer satisfaction because the value of Pearson correlation coefficient is ($r = +0.348$, $r \geq 0.30$) and correlation significant at the level of 0.01 which is $p \leq 0.05$, hence it is verified that null hypothesis is rejected and there is a positive relationship between assurance and customer satisfaction.

5.4.2. Regression Analysis

To test and verify hypothesis simple linear regression analysis is used. The results are as follows

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.348 ^a	.121	.116	.940

a. Predictors: (Constant), Assurance

Table 11

The above model summary have the same R value ($r = 0.348$) as correlation matrix and the value of R square come out be 0.121 which means that 12.1 % of variation in independent variable explained by dependent variable.

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	22.297	1	22.297	25.237	.000 ^b
	Residual	161.681	183	.884		
	Total	183.978	184			
a. Dependent Variable: Customer satisfaction.						
b. Predictors: (Constant), Assurance						

Table 12

The above ANOVA table significant at the same level as correlation which is less than 0.05, so it is authentic that null hypothesis is rejected, hence it is again verify that there is a relationship between these two variables assurance and customer satisfaction

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.898	.228		3.938	.000
	Assurance	.506	.101	.348	5.024	.000
a. Dependent Variable: Customer satisfaction.						

Table 13

As per the above table coefficient entails the value of B, Beta which is known as rate of change. Sig value is 0.00 which means there is significant relationship between two variables.

By keeping other things remain same, if there is 1% percent change in assurance will incur 50.6% change in customer satisfaction and we can say there is a moderate and positive relationship among them. In accordance of the above data, regression equation can be written as:

$$Y = 0.506(X) + 0.898$$

Where,

- Y= Customer satisfaction
- m= Slope
- X= Assurance
- C=Constant

5.5. Empathy Hypothesis No 4

Ho: There is no relationship between empathy and customer satisfaction.

H5: There is relationship between empathy and customer satisfaction.

5.5.1. Correlation Analysis

Correlation analysis is a tool used for investigating the relationships between two variables. We applied Pearson correlation because the data is equally distributed (Skewness between 1 to -1).

Correlations			
		Empathy	Customer satisfaction.
Empathy	Pearson Correlation	1	.514**
	Sig. (2-tailed)		.000
	N	185	185
Customer satisfaction.	Pearson Correlation	.514**	1
	Sig. (2-tailed)	.000	
	N	185	185
**. Correlation is significant at the 0.01 level (2-tailed).			

Table 14

The above correlation matrix indicates that empathy is positively and high moderately correlated with customer satisfaction because the value of Pearson correlation coefficient is (r = +0.514) between. 30 & . 70 and correlation significant at the level of 0.01 which is less than (p ≤ 0.05) means null hypothesis is rejected and it is authentic that there is appositve and direct relationship between reliability and customer satisfaction.

5.5.2. Regression Analysis

In order to investigate the proposed relationship between assurance and customer satisfaction, the hypothesis is tested by using simple linear regression analysis. The results are as follows

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.514 ^a	.264	.260	.860
a. Predictors: (Constant), Empathy				

Table 15

The above model summary table shows the R value which is 0.514 same as correlation matrix, which shows that variables are moderately and positively correlated. And the value of R square come out be 0.264 which means that 26.4% of variation in independent variable explained by dependent variable.

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	48.530	1	48.530	65.568	.000 ^b
	Residual	135.448	183	.740		
	Total	183.978	184			
a. Dependent Variable: Customer satisfaction.						
b. Predictors: (Constant), Empathy						

Table 16

This above ANOVA table shows there is significant relationship between assurance and customer satisfaction because sig value is 0.000 which is less than 0.05, hence it is again authenticate that null hypothesis is rejected.

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.438	.202		2.171	.031
	Empathy	.671	.083	.514	8.097	.000
a. Dependent Variable: Customer satisfaction.						

Table 17

As per the above table coefficient entails the value of B which is $b = 0.671$ and Sig value is at 0.00 which means that relationship between two variables are exist.

By keeping other things remain unchanged, if there is 1% percent change in empathy will incur 67.1% change in customer satisfaction and we can say there is a moderate and positive relationship among them. In accordance of the above data, regression equation can be written as:

$$Y = 0.671(X) + 0.438$$

Where,

- Y= Customer satisfaction
- m= Slope
- X= Empathy
- C=Constant

5.6. Tangibility Hypothesis 5

Ho: There is no relationship between tangibility and customer satisfaction.

H5: There is relationship between tangibility and customer satisfaction.

5.6.1. Correlation Analysis

To test and identify the relationship and impact of independent variable on dependent variable we applied Co-relation test. We applied Spearman's correlation because the data is not equally distributed (above 1 to -1).

Correlations				
			Tangibility	Customer satisfaction.
Spearman's rho	Tangibility	Correlation Coefficient	1.000	.210**
		Sig. (2-tailed)	.	.004
		N	185	185
	Customer satisfaction.	Correlation Coefficient	.210**	1.000
		Sig. (2-tailed)	.004	.
		N	185	185

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

Table 18

The above table shows that the significant level is 0.01 which is less than 0.05 that's mean the null hypothesis is rejected. The research shows that there is a positive relationship between tangibility and customer satisfaction but with less significant effect because correlation coefficient is $r = 0.210$ which is less than 0.30.

5.6.2. Regression Analysis

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.346 ^a	.119	.115	.941
a. Predictors: (Constant), Tangibility				

Table 19

The above model summary shows that R value ($r = 0.346$) and the value of R square come out be 0.119 which means that 11.9 % of variation in independent variable explained by dependent variable.

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	21.979	1	21.979	24.829	.000 ^b
	Residual	161.999	183	.885		
	Total	183.978	184			
a. Dependent Variable: Customer satisfaction.						
b. Predictors: (Constant), Tangibility						

Table 20

The above ANOVA table entitles the significant value which is 0.00 less than 0.05, which authenticate that null hypothesis is rejected; hence it is again verify that there is a relationship between these two variables tangibility and customer satisfaction.

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.930	.224		4.157	.000
	Tangibility	.490	.098	.346	4.983	.000
a. Dependent Variable: Customer satisfaction.						

Table 21

As per the above table the value of B is $b = 0.490$ and Sig value is at 0.00 which means that relationship between two variables are exist and null hypothesis is rejected.

By keeping other things remain constant, if there is 1% percent change occurs in tangibility will incur 49% change in customer satisfaction and we can say there is a less significant and positive relationship among them. In accordance of the above data, regression equation can be written as:

$$Y = 0.490(X) + 0.930$$

Where,

- Y= Customer satisfaction
- m= Slope
- X= Tangibility
- C=Constant

6. Conclusion

Banks contribute adequate potential in prosperity of different economies across the globe. From few past decades banking sector had been the reason behind continuous growth in Pakistan. Consumers of banks across the globe now have become more quality conscious, therefore customers' demand for higher quality service in banks have been risen up due to the nature of banking services. In order to achieve this, it is essential for the banks to be very close to customers to capture information on customer current and future needs, expectations and perceptions to retain them. Quality is an essential driven factor for the success and survival of every business across the globe. In today's competitive environment quality is considered as a strategic organizational weapon to gain competitive advantage over the competitors. It is difficult to measure service quality in banks because service is intangible, heterogeneous in nature. To measure service quality we used 5 dimensions of service quality that are reliability, responsiveness, assurance, empathy and tangibility. Companies don't want to lose their customers' because in a competitive era where businesses strive for customers to survive in the marketplace, customer satisfaction is seen as a core. The objective of this research is basically to find out the impact of service quality and its dimensions on customer satisfaction in banks. It is also authentic with the help of above literature review that there is impact of service quality on customer satisfaction. The result of this study shows that service quality plays an important role in banks to gain customer satisfaction. The five dimension of service quality have a significant impact on customer satisfaction. Where empathy is playing most significant roles as customers wants to be recognized, they need individual attention in banks and if they are getting it they become satisfied and loyal with the banks.

7. References

- i. Arora, D., & A.Sexena. (2013). INTER RELATIONSHIP OF SERVICE QUALITY ASPECTS, CUSTOMER SATISFACTION AND CUSTOMER LOYALTY IN BANKING SECTOR OF INDIA: A STUDY OF RETAIL BANKING SECTOR. *International Journal of Research in Business Management*, 2321-886X.
- ii. Chinwuba, D. M., & Egene, O. (2013). EVALUATING CUSTOMER-PERCEIVED SERVICE QUALITY AND CUSTOMER SATISFACTION IN THE NIGERIAN BANKING INDUSTRY. *Far East Journal of Psychology and Business*.
- iii. Kaboli, M., Fath, S., & Azizi, M. (2011). An Analysis of Customers' Satisfaction in Tejarat Bank Branches in Isfahan city. *INTERDISCIPLINARY JOURNAL OF CONTEMPORARY RESEARCH IN BUSINESS*.
- iv. Khan, M. M., & Fasih, M. (2014). Impact of Service Quality on Customer Satisfaction and Customer Loyalty: Evidence from Banking Sector. *Pakistan Journal of Commerce and Social Sciences*, 331- 354.
- v. Lau, M. M., Lam, A. Y., & Chu, Y. T. (2013). Measuring Service Quality in the Banking Industry: A Hong Kong Based Study. *Contemporary Management Research*.
- vi. Lawanson, B. A. (2012). Customers Satisfaction and its Implications for Bank Performance in Nigeria. *British Journal of Arts and Social Sciences*, ISSN: 2046-9578, Vol.5 No.1.
- vii. Mohammad, A. A., & Alhamadani, S. Y. (2011). Service Quality Perspectives and Customer Satisfaction in Commercial Banks Working in Jordan. *Middle Eastern Finance and Economics*, 1450-2889.
- viii. Mosahab, R., & Ramayah, O. M. (2010). Service Quality, Customer Satisfaction and Loyalty: A Test of Mediation. *International Business Research*.
- ix. Munusamy, J., Chelliah, S., & Mun, H. W. (2010). Service Quality Delivery and Its Impact on Customer Satisfaction in the Banking Sector in Malaysia. *International Journal of Innovation, Management and Technology*.
- x. Naeem, H., Akram, A., & Saif, M. I. (2009). Service Quality And Its Impact On Customer Satisfaction: An Empirical Evidence From The Pakistani Banking Sector. *International Business & Economics Research Journal*, Volume 8, Number 12.
- xi. nazaripour, M. (2012). DESIGN AND EXPLAIN THE FACTOR AFFECTING SATISFACTION IN ELECTRONIC BANKING. *International Journal of Scientific Knowledge Computing and Information Technology*, 2305-1493.
- xii. Niveen El Saghier, D. N. (2013). Service Quality Dimensions and Customers' Satisfaction of Banks in Egypt. *Proceedings of 20th International Business Research Conference*.
- xiii. Oliver, R. L. (2003). customer satisfaction. In V. A. Bitner, *service marketing* (p. 86). Irwin US: McGraw-Hill Irwin.
- xiv. Omar, S. &. (2011). Interrelations between Service Quality Attributes, Customer Satisfaction and Customer Loyalty in the Retail Banking Sector in Bangladesh. *International Journal of Business and Management*.
- xv. Parasuraman, z. b. (n.d.). service quality dimensions. In V. A. Bitner, *Service Marketing* (p. 93). US: McGraw-Hall Irwin.
- xvi. SABIR, R. I., GHAFUOR, O., AKHTAR, N., HAFEEZ, I., & REHMAN, A. U. (2014). Factors Affecting Customer Satisfaction in Banking Sector of Pakistan. *International Review of Management and Business Research*.
- xvii. Tariq Khalil Bharwana, D. M. (May 2013). Impact of Service Quality on Customers' Satisfaction: A Study from Service Sector especially Private Colleges of Faisalabad, Punjab, Pakistan. *International Journal of Scientific and Research Publications*.