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EXPLORING SERVICE QUALITY, AN ANTECEDENT OF CUSTOMER SATISFACTION AND LOYALTY IN RETAIL BANKING SECTOR OF PAKISTAN; THE MODERATING ROLE OF GENDER

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Abstract

Purpose – This study is conducted with the aim to investigate the moderating role of gender on the interrelation of service quality dimensions and customer satisfaction and impact of customer satisfaction on customer loyalty in retail bank settings of Pakistan.

Research Methodology – The data is obtained from 315 customers of various bank clients by way of purposive sampling. The structured questionnaire has been adapted from SERVQUAL instrument on performance only measure. We have applied Reliability tests, PCA, Regression and Moderation statistics to analyze the data.

Findings – The outcomes depict that gender as moderator has significant influence on customer satisfaction in combination of two service quality dimensions and is insignificant for other quality dimensions. However the results reinforce the idea that gender intervenes as a moderator variable that enhances the impact of service quality on customer satisfaction which leads towards customer loyalty.

Originality/value – This study provides the insight that how genders of consumers can influence the service quality perception and impact on customer satisfaction among the retail bank customer. In Pakistan, no past study could be found to explore the said idea. The better understanding of these phenomena is quite important in countries like Pakistan where treatment of customers on gender basis vary a lot and is critical in the society.

Practical implications – Banks can articulate its service procedures, standards, products and staff training according to varying customer preferences moderated by gender.

Key words: Service quality, customer satisfaction, customer loyalty, moderation, banking sector

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1. Introduction

The focus of organizations revolve around customer satisfaction (CS) and customer loyalty (CL) as these are the most significant factor that contribute towards long term organization growth and profitability. In service sector, the importance of customer satisfaction (CS) and customer loyalty (CL) increase by many folds due to intangible nature of product and human interaction. In such scenario, the attention is given to service quality (SQ) as it is considered that SQ leads towards customer satisfaction (CS) which leads to customer loyalty (CL) along with other factors.

Now a days, the organizations focus and develop many plans to gain CL through CS. After going through various definitions of CS, it can be said that it is a gauge to measure the level up to which the expectations of customers have been fulfilled. While, CL is the customer's intention to repurchase and recommend the service. It is believed that CS is not the only determinant of CL, however it is very critical. In other words, it can be narrated that satisfaction may occur with no loyalty but it is uncommon to have loyalty with no satisfaction (McIlroy & Barnett, 2000). In the

Same scenario, the SQ is the source to achieve CS. The customers will be satisfied if we provide

Them the good service quality (SQ) as per their expectations. The quality of services rendered by the bank may be sustainable competitive advantage (Kangis & Passa, 1997).

In the service industry of any economy, the banking sector constitutes a major part due to its large volume and critical role in the financial system of country. The retail banking sector across the globe, offers almost same type of products and services to people. Due to which the competition is intense among the banks. The intense rivalry among the banks, have given a lot of attention to SQ to gain CS (Angur, Natarajan, & Jahera Jr, 1999; B. F. Yavas & Konyar, 2003). The SQ can be a major ingredient of business strategy of a bank to differentiate it from competitors. The successful banks consider the high level of SQ as a differentiation point and use it to have a competitive advantage in the industry. This phenomenon has emerged due to the increased knowledge, communication and demand of customers for superior SQ. The bank managers have acknowledged that satisfaction has positive association with CL that results in repurchase intentions and likelihood of recommendation (Anton, 1996). This scenario results in the increased sales, cross selling of other products, Word of Mouth advertisement, large loyal customer base, organization growth and increased profitability.

As also mentioned above that among other factors, SQ is a major player in determining the CS. The interrelation of SQ, CS and CL has been studied a lot globally in the context of developed and developing countries, various measuring scales and models. However it has been observed that while exploring any such relationships, a little attention has been given to demographic variables like gender, education level, age etc that may have moderating effect on such relationships. It is necessary for bank management to have insight of the presence of various factors/differences of clients that may interact with the effect of various SQ dimensions on CS. The detail insight will help them to better understand the customers' expectations and perception. They can make the new market segments and develop new processes to cater them or arrange staff training with focus on specific areas. All such approaches will help them in better customer management to achieve high CS that may result in loyal customer base.

Pakistani banking industry has become highly competitive since 1990s due to many structural reforms in the economy particularly in banking sector and incorporation of many new banks since that, which led to a very competitive banking environment with more focus on customer service. Banking sector in Pakistan is led and regulated by State Bank of Pakistan (SBP) and a total of 54 banks (Commercial banks, Specialized Islamic Banks, Foreign Bank operations, Micro Finance banks and Development finance Institutions) are operating in Pakistan. According to Financial Stability Review of SBP for year 2015, the financial assets to GDP ratio is 68.4%. In financial sector, the banking industry growth rate is 16.8% and Banking Sector has assets of Rs

14.1 Trillion. Private commercial banks lead the industry in terms of assets and deposits.

The banks in Pakistan have realized the importance of SQ, CS and CL over a period of time and they are taking different measures to improve their customer service in various dimensions to have satisfied and loyal customer to sustain their growth and profitability. It is very important to explore these vital concepts and their relationship according to Pakistani context for better understanding and practical implications. In our society there are visible different approaches and treatment with the customers on the basis of their demographic characteristics. The same is also true with clients as they also have different perceptions and expectations due to different personal characteristics. It warrants that the interrelationship of SQ, CS and CL may be done with moderation effect of demographic variables.

So far, a little work has been done in banking industry with moderation approach across the globe and no such study could be found in context of Pakistan. Due to lack or absence of such work, this research is being conducted to explore the connection of SQ and CS and CL with Gender as moderating variable.

It will be contribution towards literature for the upcoming researchers, who want to explore the banking sector with the Gender as moderating item in this dimension, as so far not enough research with moderating approach has been conducted in banking sector.

The bank managers can use the findings of research to make customer segments and service procedures to provide better services as per customer priorities. Further specific customer services trainings can be arranged for employees.

1.1 Objectives of the study

This research is carried out to achieve following objectives;

- To analyze the main service determinants of CS in retail bank settings
- To analyze association of SQ and CS
- To analyze the moderating effect of Gender between SQ dimensions and

CS

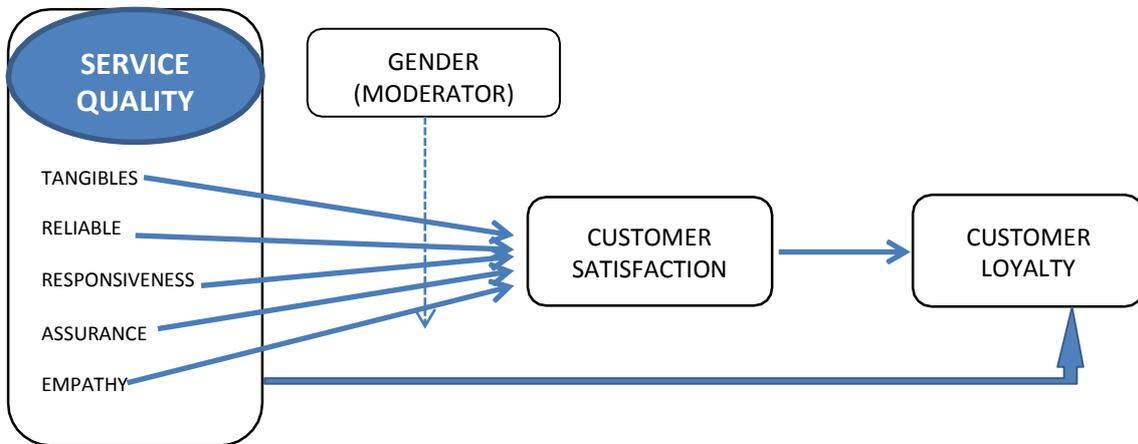
- To analyze interrelation between CS and CL
- To analyze mediation role of CS in reference to Mediation Model

1.2 Scope of the study

This study has focused only retail side commercial banks operating in city of Lahore, Pakistan.

1.3 Theoretical Framework

Below is the diagram of theoretical framework/concept used in this study.



2. Literature Review

2.1 Services, Service Quality, Customer Satisfaction and Customer Loyalty

The definition of Service is “A service is a process consisting of a series of more or less intangible activities that normally, but not necessarily always, take place in interactions between the customer and service employees and/or physical resources or goods and/or systems of the service provider, which are provided as solutions to customer problems” (Grönroos, 2000). The definition of SQ concept is as “a global judgment or attitude relating to a particular service; the customer’s overall impression of the relative inferiority or superiority of the organization and its services. SQ is a cognitive judgement” (Salas & Fogli, 2006). The service marketing experts and writers have given various descriptions of the SQ concept.

CS has been defined as the “link processes culminating purchase and consumption with post purchase phenomena such as attitude change, repeat purchase, and brand loyalty” (Churchill Jr & Surprenant, 1982). Some other experts also favored this definition (Jamal & Naser, 2003; Mishra, 2009). There are many definitions of CS and many efforts have been put to measure and explain the CS but there is no consensus on its definition (Giese & Cote, 2000).

A lot of work is done to propose a CS model to generalize this concept. It is a post purchase and consumption phenomena with certain attitudinal and behavioral aspects. A CS model is presented which states “consumer satisfaction as a function of expectation and expectancy disconfirmation” (Oliver, 1980). This framework describe that customers make comparison of actual service parameters perception with their expectations on the basis of which positive, negative or no disconfirmation arises. It is argued that CS can be described as a sum of customer response which is derived from mental evaluation, and is of inconstant degree (Giese & Cote, 2000). It is of holistic nature. There is no consensus on the definition of CS.

Researchers have found that CL is bi-dimensional: behavioral and attitudinal (Julander, Magi, Jonsson, & Lindqvist, 1997). The behavioral dimension means that customer prefer the brand or service and will repurchase, while attitudinal dimension means that customer intends to repurchase and recommend to others. Many studies have investigated the relationship of CS with customer behaviour patterns, their findings are that CS increases CL, influences repurchase intentions and leads to positive word-of-

mouth (Chi & Qu, 2008; Dimitriades, 2006; Faullant, Matzler, & Füller, 2008; Olorunniwo, Hsu, & Udo, 2006).

The scholars of this field state that SQ and CS are the predictors of CL in the service sector including banks (Han, Kwortnik, & Wang, 2008; Osayawe Ehigie, 2006; Tariq & Moussaoui, 2009). It has been proposed that in banking sector the SQ has positive effect on loyalty mediated by CS (Caruana, 2002).

2.2 Service Quality Model

Different attempts and researches executed so far to explore the concept of SQ. Banking industry is very critical to any country due to its important share in GDP and financial stability of economy. In banking industry, SQ is vital and is viewed as a competitive advantage. It is the reason that SQ, CS and CL have been explored extensively by experts in banking sector. One study which gained a lot of popularity is presented by Parasuraman et al. (Anantharathan Parasuraman, Zeithaml, & Berry, 1985). The authors conducted an extensive exploratory research to identify various SQ elements and develop SQ model which can be applied across the service industry. In 1988, they designed survey instrument to measure the consumers' perception of SQ and called it SERVQUAL (Arun Parasuraman, Zeithaml, & Berry, 1988). They applied this instrument in study of different service firms including bank, and determined the five SQ dimensions known as Responsiveness, Reliability, Empathy, Assurance, Tangibles. It measured the quality on the basis of difference between customer expectation and customer perception.

There was a lot of criticism on SERVQUAL mainly on the grounds 1) that the five constructs of SQ are not consistent and cannot be used in cross sectional analysis 2) the technique to measure gap score of Expectations and perception was operationally difficult (Babakus & Boller, 1992; Cronin Jr & Taylor, 1992).

After criticism on SERVQUAL scale, the research was conducted (in various industries) on the basis of SERVQUAL five quality dimensions but on performance measure only scale instead of difference method, it was named as SERVPERF (Cronin Jr & Taylor, 1992). Normally SERVPERF is considered a variation of SERVQUAL. It attracted the considerable support from many researchers and many researchers used the performance only scale to measure SQ (Babakus & Boller, 1992; Boulding, Kalra, Staelin, & Zeithaml, 1993; Brady, Cronin, & Brand, 2002; Brown, Churchill, & Peter, 1993).

Many other studies have been conducted to explore the subject in banking sector and many different constructs, dimensions have been identified (Bahia & Nantel, 2000; Royne Stafford, 1996).

But it has been opinioned that both the SERVQUAL and SERVPERF scales are used globally by numerous researchers to gauge SQ, and the superiority of any scale is not yet fully established (Jain & Gupta, 2004).

2.3 Role of gender

It is a widely researched topic in context of various management and marketing studies (Babin & Boles, 1998; Eagly, Karau, & Makhijani, 1995; Ergeneli & Arıkan, 2002; Karatepe & Tekinkus, 2006; U. Yavas, Babakus, & Karatepe, 2008). An observation from such studies emerges that the men and women have different cognitive approaches towards processes, environment, information and making judgments (Karatepe & Tekinkus, 2006; U. Yavas et al., 2008). The concepts of gender differences

on the basis of task orientation (agentic) and relationship orientation (communal) has been formulated on the findings of various such studies. It is observed that women are normally more profound to service interaction quality, affiliation and social interactions with employees providing goods and services guidelines (Iacobucci & Ostrom, 1993; Karatepe & Tekinkus, 2006; U. Yavas et al., 2008). While the results showed that men tend to be more sensitive to tangible features of products (Mittal & Kamakura, 2001). Based on such findings it can be hypothesized that the SQ features of intangible and interaction nature are more important for females. While the tangible features are more attractive for male clients.

All these studies have been conducted in developed western and American cultures. It is believed that studies conducted in western countries are not applicable in developing Asian countries due to cultural and religious differences. No such study could be found in south Asia particularly in Pakistan which explored the moderating effect of gender between SQ and CS in retail banking sector. A little work has been done in this context in banking industry. The literature review regarding the dimension, scale, methodology in this particular context is appended below.

Sr #	Title of Article	Industry	Year	Dimensions/Variables
1	“Determining the consequences of bank’s service quality with mediating and moderating effects: an empirical study“	Banking	2014	SQ, CS, Loyalty Moderator: Confirmation
2	“Service quality, customer satisfaction and Loyalty: The moderating role of gender“	Banking	2011	SQ, CS, CL Moderator: Gender
3	“The analysis of antecedents of bank-SME loyalty: Professionalism, relationship quality, corporate image & switching barrier as a moderator“	Banking	2012	Professionalism, Corp. Image, Relationship quality Moderator: Switching barriers
4	“How the Personality of Retail Bank Customers Interferes with the Relationship Between Service Quality and Loyalty“	Banking	2015	SQ, CL Moderator: Personality
5	“An analysis of the antecedents of loyalty and the moderating role of customer demographics in an emerging mobile phone industry“	Mobile Telecom	2013	CS, Perceived SQ, Perceived Value, Switching Cost, Trust, Corp Image,
6	“The Impact of Service Quality, Customer satisfaction and loyalty in the restaurant industry with Moderating effect of Perceived Value“	Restaurants	2011	SQ, CS, CL Moderator : Perceived value
7	“The moderating effect of normative commitment on the service quality-customer retention relationship“	Grocery Store	2012	SQ, Customer retention, Moderator: Normative commitment

8	“Culture As A Moderator Of The Relationship Between Service Quality And The Tourist'S Satisfaction With Different Distribution Channels“	Tourism	2012	SQ, Satisfaction with distribution cahnnel (1. Online and 2.
9	“E-service quality as antecedent to e-satisfaction The moderating effect of culture“	Tourism	2011	e-SQ, e-satisfaction Moderator: Cultural dimensions
10	“The effect of service employees' competence on financial institutions' image: benevolence as a moderator variable“	Financi al coopera tive Institut es	2011	Competence, Firm's image Perception Moderator: Benevolence

3. Data and Methodology

Conceptual model shown in Figure 1 is developed. According to this model the CS positively is influenced by the SQ dimensions and CS mediates the effect on CL. The moderator role of gender in relation to SQ and CS is also proposed. However the other demographic variables are considered as control variables to avoid statistical mistakes.

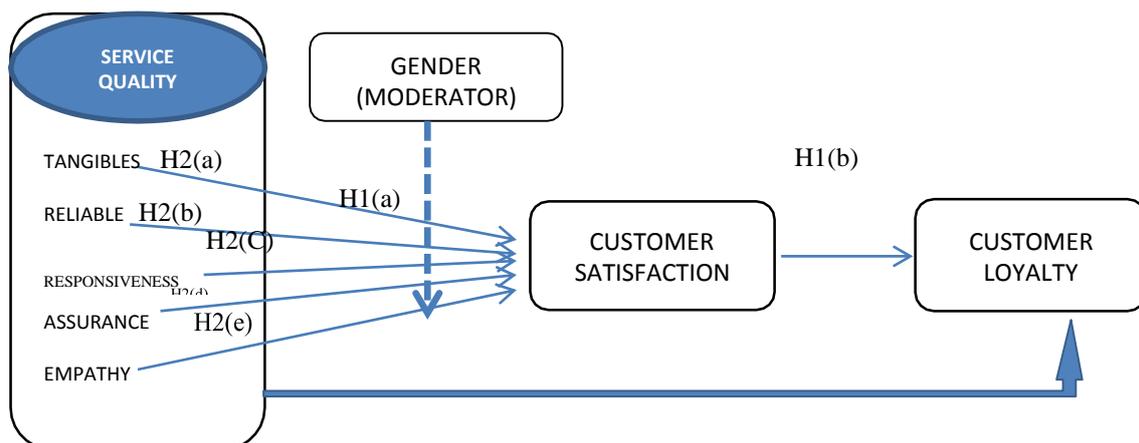


Figure also shows the hypothetical relationships among the constructs i.e. SQ, CS and CL. In the light of discussion in literature review, the hypothesized relationships are given below:

Service Quality Dimensions – Customer Satisfaction – Customer Loyalty

H1(a): SQ dimensions (a) Tangibles (b) reliability (c) responsiveness (d) assurance (e) empathy have positive effect on CS

H1(b): CS will partially mediate the effects of SQ dimensions on CL

Moderating role of Gender

H2(a): The effect of tangible dimension on satisfaction will be stronger for female customers than male customers.

H2(b): The effect of reliability on satisfaction will be stronger for female customers than male customers.

H2(c): The effect of responsiveness on satisfaction will be stronger for female customers than male customers.

H2(d): The effect of assurance on satisfaction will be stronger for female customers than male customers

H2(e): The effect of empathy on satisfaction will be stronger for female customers than male customers

3.1 Data

The data has been collected through a questionnaire which measured the responses on five point Likert scale with a range of “Strongly Agree” to “Strongly disagree” or “Strongly Satisfied” to “strongly dissatisfied”. The questionnaire is designed to collect the data related to Demographic variables of respondents, SQ constructs, CS and CL factors.

The 22 SQ questions on five dimensions i.e Tangibles, Reliability, Responsiveness, Assurance and Empathy have been adapted from SERVQUAL and SERVPERF model (Cronin Jr & Taylor, 1992; Arun Parasuraman et al., 1988). The 04 questions to measure CS have been adopted from (Levesque & McDougall, 1996). The 05 questions construct of CL is adapted from study by Caruana (2002).

The data for this study is collected from the retail banking clients in Lahore. Lahore is the 2nd largest city of Pakistan in terms of economic activities and population. According to <http://worldpopulationreview.com>, the population of Lahore in 2014 was over 7 million. The survey was administered by 02 trained persons, who collected data from the retail bank clients of various banks having different demographic profiles.

“Sample size is considered to be critical in achieving sufficient statistical power” (McQuitty, 2004). “It has been suggested that the sample size of 100-200 is adequate for the structural equation modeling” (Hair, Black, Babin, Anderson, & Tatham, 2006). Some experts suggest that ten responses for every free characteristic should be obtained as a general rule (Nunnally, Bernstein, & Berge, 1967; Schreiber, Nora, Stage, Barlow, & King, 2006). A good general rule of thumb for factor analysis is 300 cases to achieve the enough statistical significance (Tabachnick & Fidell, 1996). We distributed 360 questionnaires among randomly selected retail bank account holders. We received back the 315 completed/useable questionnaires, thus our sample surpasses the condition of minimum sample size. The response rate is 87.50%.

The demographic profile of respondents is presented in Table 3.1

Table 3.1

Demographic Profile		Frequency	% age
Gender N=300	Male	207	69
	Female	93	31
Age N=315	Below 25	45	14.3
	25-40	183	58.1
	41-55	48	15.2
	ABOVE 55	39	12.4
Education N=315	Upto Matric	99	31.4
	Intermediate to Graduation	111	35.2
	Master Degree & above	105	33.3

Occupation N=303	Professional	63	20.8
	Businessman	54	17.8
	Job	171	56.4
	Dependent	15	5
Income N=291	Upto 25000	39	13.4
	25001 TO 50000	84	28.9
	500001 TO 100,000	138	47.4
	100,001 TO 200,000	30	10.3

3.2 Methodology

Principal Components Analysis (PCA) method is used to make principal component (PC) from different variables of every construct i.e. different SQ characteristics, CS, CL into corresponding related reliable scale. PCA method is deployed to extract principal component (one or more) of each construct which best describes the maximum data of variables of that construct. Statistically, it uses optimal weight for each observed variable to develop a principal component in the form of linear combination of observed variables related to a factor.

Varimax rotation technique is used in factor analysis to obtain orthogonal components. We applied “KMO measure of sampling adequacy test and Bartlett’s test of sphericity” to check whether our data meets the criteria for application of Factor analysis or not. The decision to retain the principal components is made on the results of KMO. According to KMO criterion the components with an Eigen value greater than 1.0 are retained. The load of each item into its corresponding factor is checked through factor loadings. In order to confirm the internal consistency of constructs, the values of Cronbach’s alpha for all scales are also found. The regression analysis technique is applied to determine the effect of SQ on CS and CS on CL. After the observations of results of simple linear regression, the multiple regression for mediation and moderating analysis is done. We have used the hierarchical multiple regression method to test the mediating and moderating effects as per guidelines of Baron and Kenny (1986). This method is prevalent and is widely used for such analysis (Ryu & Han, 2010; Yang & Peterson, 2004).

The relevant variables have been entered for regression analysis stepwise accordingly for mediation analysis for each dimension. In the same way the variables for moderating analysis entered stepwise with gender as moderator and interaction term also calculated for the purpose in relation to each dimension.

4. Empirical Findings

Our survey instrument contained 31 questions. These questions represented 22 variables of 05 constructs of SQ, 04 variables of CS and 05 variables of CL. Majority of the responses varied on likert scale of 2 to 5 with few exceptions. The mean score range of all variables is 3.22 to 4.14. While the standard deviation ranges 0.472 to 1.053. The Descriptive Statistics Table is given in Appendix 1

We tested the reliability and consistency of items of construct by application of cronbach’s alpha test. The results of test are showcased in Table 4.1. it is stated that the cronbach’s alpha value higher than 0.70 confirms that the instrument is reliable and consistent (Nunnally & Bernstein,

1994). The range of our cronbach's alpha value is 0.750 to 0.878, thus our questionnaire is reliable and internally consistent.

As discussed above in Methodology, we used factor analysis technique to check the construct validity. We did it through PCA and with varimax rotation. The values of PCA are given in below Table 5.2, 5.3 and 5.4.

The KMO value ranges 0 to 1, 0 value means that data is highly dispersed and no correlation exists, while value closer to 1 means that data is less dispersed and correlated.

As Bartlett's test has the stance that the association among the variables does not exist, so Bartlett's test p-value <0.05 nullifies the stance and thus confirms the association among variables. The significant p-value confirms that we can proceed with principal component analysis and data factors can be reduced and principal components may be selected. As per below tables, KMO values range 0.615 to 0.825 and bartlett's test significance is less than 0.001. The values of both tests for our study have been given in Table 4.1.

These results put us in a comfortable position to proceed with Factor analysis of data. Eigenvalue tells us how much %age of information the each component of a construct contains. Then among these components, the Principal Component(PC) is selected which is the best representative of all components and provides the maximum percentage of data of a construct. The variance shows that how much percentage of data of construct the PC shows. The eigen value of each PC is shown below in table 4.2 and along with it the percentage of total variance of construct explained by PC is also given. As a general rule and practice the component with eigen value greater than 1 is retained as PC.

The factor loadings of each component are given in table in Appendix 2. Factor loading represents how much data of each item is loaded into its representative Principal Component. Values of loadings of all the items used in this study vary from 0.495 to 0.927, which are well above the cut off criteria of 0.40. Check Factor Loading Table in Appendix 2.

Table 4.1. Reliability of Measurement and KMO and Bartlett's Test

Constructs	No. of Items	"N" Valid	Value of Chronbach's Alpha	KMO Measure of Sample Adequacy	Bartlett's Test of Sphericity Chi-square	Bartlett's test of Sphericity Sig.
Tangibles	4	312	0.726	0.744	322.984	0
Reliability	5	315	0.804	0.764	542.861	0
Responsiveness	4	305	0.722	0.596	324.182	0
Assurance	4	315	0.713	0.646	355.941	0
Empathy	5	315	0.872	0.707	1169.1	0
CS	4	310	0.88	0.83	709.653	0
CL	5	315	0.8	0.808	449.843	0

Table 4.2. Eigen Values and Total Variance Explained

Construct	Component	Initial Eigen value	
		Total	% of Variance explained
Tangibles	Comp 1	2.319	57.99
Reliability	Comp 1	2.819	56.37
Responsiveness	Comp 1	2.22	55.5
Assurance	Comp 1	2.249	56.24
Empathy	Comp 1	3.448	68.95
CS	Comp 1	2.99	74.76
CL	Comp 1	2.78	55.61

Overall results are within the range of acceptable parameters of construct validity.

To measure the effect of our constructs of SQ on CS, we applied the regression analysis. The results are showcased in tables 4.3 and 4.4.

The results confirm that the dimensions of SQ have positive effect on CS.

The coefficient values depict the relationship between components of SQ and CS in term of per unit change. Value of Adjusted R² explains the ratio of CS variance due to the SQ factors. The coefficient results reveal that Empathy (0.860) has highest effect on CS, followed by tangibles (0.747). While it is observed that responsiveness has (0.639) positive but least effect on CS amongst the dimensions. All the results are positive and significant (P-value less than 0.01). Thus we accept the hypothesis H1(a), that relationship exists.

CS is Dependent Variable

Table 4.3. Regression Analysis

Regresor	Coefficient	Standard Error	t-Ratio
Tangible	0.747	0.038	19.719
Reliability	0.687	0.041	16.606
Responsiveness	0.639	0.043	14.709
Assurance	0.732	0.039	18.772
Empathy	0.860	0.029	29.515

Other Necessary Statistics

	R ²	Adj R ²	F Statistics	Prob. (F-Statistic)
Tangibles	0.558	0.557	388.844	0.000
Reliability	0.472	0.471	275.748	0.000
Responsiveness	0.413	0.411	216.352	0.000
Assurance	0.534	0.532	352.401	0.000
Empathy	0.739	0.738	871.114	0.000

We conducted multiple regression to analyze the mediation of CS to CL.

If in multiple regression the impact(coefficients) of both factors (Independent and mediating) remain significant then it shows the partial mediation, but if the impact of independent factor turns to be insignificant then it confirms the full mediation of mediating factor. The results confirm that CS plays a mediator role and carry the effect of SQ dimensions to CL.

The values of mediation test also proves the hypothesis H1(b) that CS has positive partial mediation effect on CL. The results are given below in table 4.4 and 4.5

TABLE 4.4
Regression Analysis
Service loyalty is Dependent Variable

Regressor	Coefficient	Standard Error	t-Ratio
CS	0.57	0.047	12.131

Other Necessary Statistics

R2	Adj R2	F Statistics	Prob. (F-Statistic)
0.323	0.0.321	147.17	0.000

TABLE 4.5
Mediation Analysis through Multiple Regression

Independent variables	Dependent Variable Service Loyalty				
	CS	0.365* (5.285)	0.418* (6.587)	0.456* (7.533)	0.382* (5.675)
Tangibles	0.275* (3.979)				
Reliability		0.221* (3.475)			
Responsiveness			0.176* (2.923)		
Assurance				0.258* (3.820)	
Empathy					0.492* (5.607)

t-value written in parenthesis

*significance level less than 0.05

Table 4.6 demonstrates that the interactive term (tangibles*gender) makes a significant contribution in R2 of the model (ChangeR2 = 0.013, $p < 0.05$). The interactive term (assurance*gender) also significantly and positively contribute in R2 (ChangeR2 = 0.021, $p <$

0.05). These results confirm our hypothesis H2(a) and H2(d) that the impact of tangible factor and assurance factor are higher for female customers than male customers in retail banking sector of Pakistan. However the results for interaction term for other three dimensions i.e reliability, responsiveness and empathy were not significant and our hypotheses H2(b), H2(c) and H2(e) are rejected.

TABLE 4.6
Moderator effect of Gender on CS

	R2	R2 Change	F Statistics	Prob. (F- Statistic)
Tangible	0.677	0.013	203.091	0.000
Assurance	0.687	0.021	212.421	0.000

5. Conclusion

The objective of study was to look into the SQ, CS and loyalty interrelation and the influence asserted by gender as moderator on the relationship of SQ dimensions and CS.

Overall, most of the results of this study support the findings of existing researchers but differ on the point of moderation effect of gender. The SQ dimensions are positively associated with CS and CS is partial mediator of SQ dimensions to CL. The other researchers have also found the same results in their studies (Caruana, Money, & Berthon, 2000; Sabir, Ghafoor, Akhtar, Hafeez, & Rehman, 2014; Siddiqi, 2011). Our study also revealed that in Pakistani banking sector the Empathy, Responsiveness and Assurance are top three SQ factors to determine the CS respectively.

This study examined gender as a moderator of the effects of SQ dimensions on CS. And it has been found that gender as moderator is more important for females in terms of tangible and assurance dimensions. This result is different from another study done in Cyprus, in which it was found that reliability and empathy dimensions are more significant for females (Karatepe, 2011).

Implications and Recommendations

Pakistani banks should focus on their strategies to achieve maximum CS as it will catch more loyalty of their customers. It is explained that CS has 59% variance in CL which is quite sizeable. The top three contributors towards CS are the Empathy, Responsiveness and Assurance. The banks have to find the ways to improve their SQ dimensions according to their relevant importance as these are antecedents of CS.

While setting the priorities, the gender difference must be given due importance. From a practical perspective, making an assessment of the effects of SQ dimensions on satisfaction without considering the moderating role of gender may mislead bank managers to set the right priorities. Tangibles and Assurance are the two main dimensions which attract more importance from female perspective in Pakistani banking industry.

These are the main factors on the basis of which the bank managers can devise their service procedures, products, environment and employee training to gain advantage over competitors in Pakistan.

Limitations

There are certain limitations in this study mentioned as under:

1. The sample has been selected from only one city of Pakistan i.e Lahore due to time and resources constraint. In future the study may be conducted by selecting sample from various cities with larger sample size for better generalization.
2. The other factors like brand image, internet banking, ATM, interest rate etc affecting the customer satisfaction and CL are not explored.

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Appendix 1

Table: Descriptive Statistics

	CONSTRUCT	N	Minimum	Maximum	Mean	Std. Deviatio
Modern looking equipment	Tangibles	301	2	5	3.40	0.888
Physical facilities of bank		307	3	5	3.90	0.561
Employees appearance		314	3	5	3.82	0.472
Associated Material		315	2	5	3.34	0.604
Promise to do at certain time	Reliability	315	2	4	3.22	0.757
Sincere interest to solve problem		315	2	5	3.41	0.581
Service right at first time		315	2	4	3.30	0.588
Timely service as promised		315	2	4	3.49	0.819
Insist on error free records		315	3	5	3.57	0.646
Tells customers exactly when services will be performed	Responsiveness	315	3	5	3.67	0.511
Prompt service to customers		315	2	5	3.69	0.889
Willing to help customers		315	2	4	3.36	0.650
Employees never too busy to respond		315	3	4	3.47	0.500
The behavior of employees instill confidence	Assurance	315	2	5	3.38	0.910
Customers feel safe in transactions		315	3	5	3.96	0.614
Employees courteous with		315	3	5	3.88	0.543