



Measuring service quality in Islamic banks: An empirical study in Lebanon

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Abstract

This study aims to examine how service quality in Islamic banks affects consumer satisfaction, moreover the study examines how customer satisfaction affects customer loyalty and determine if there are significant differences of service quality dimensions in explaining customer satisfaction. This empirical study used survey strategy (questionnaire) to collect data. The data was statistically analysed using SPSS program Version 20. This study used Cronbach's Alpha to determine the scale reliability, Factor analysis (KMO and Bartlett of Sphericity) to measure validity, descriptive statistics, correlation matrix and simple regression and multiple regression. The regression analysis reveals as hypothesized, that responsiveness is determined as the most significant dimension and takes vital attention from customers. The study concludes that there are positive relationships between service quality and customer satisfaction and between customer satisfaction and customer loyalty with relative differences related to the effect of service quality dimensions in explaining customers' satisfaction.

Keywords: service quality, compliance, reliability, tangibility, assurance, empathy, responsiveness, servqual, carter, customer satisfaction, Islamic Banks, Lebanon, customer loyalty

Introduction

Islamic banks like any other business focuses on service quality to ensure its success and continuity (Akhtar and Zaheer, 2014) ^[1]. Factors that distinguish Islamic banks from conventional banks are the opportunity for saving for free interest, delivery of Islamic financial services, deliver of free interest credits and delivery of profit sharing investment; these are parts of Islamic norms and rules that compose service quality. On the other hand, there are other dimensions that determine service quality. However, the interest of this study is to determine if customer satisfaction is affected by Islamic norms and rules or customer satisfaction would be affected by other dimensions.

The Objectives of the current study are

- Measure service quality in Islamic Banks in Lebanon.
- Determine the relationship between service quality and customer satisfaction
- Determine the relative significance of service quality dimensions (Compliance, assurance, reliability, tangibility, empathy and responsiveness) on customer's satisfaction.
- Determine the relationship between customer satisfaction and customer loyalty

Review of literature

Service quality: Services have several properties that characterise its nature. These characteristics are intangibility, heterogeneity and inseparability (Parasuraman, Zeithaml and Berry, 1985) ^[2]. The intangibility of service means that it cannot be felt, tasted, touched, counted, measured, inventoried and tested. Also, it cannot be displayed physically, verified or exemplified, for the reasons of intangibility, it is hard to

understand how customers could evaluate the perceived service quality. Considering the heterogeneity characteristic, this means that the performance of service will be affected by provider, customers and experience. Even if the consumer uses the same service every day received from the same provider this does not ensure the fixed performance of service quality this results in high experience qualities (Lee and Yoo, 2000) ^[3]. The last character of service is inseparability as the human contact affects the performance of the service quality due to direct contact between suppliers and customers (Edgett, Parkinson, 1993) ^[4].

Gronroos, 1982 ^[5] defined service quality as a function between customer expectation and customer perception of services delivered. In order to measure service quality, a researcher must determine the components mix that compose service quality. Many researches have been directed to determine service quality dimensions, however these dimensions would be affected by the business sectors, countries and culture (Chaker and Jabnoun, 2010) ^[6]. This study used SERVQUAL model (Parasuraman, Berry, Zeithaml, 1988) ^[7] and CARTER model (Othman and Owens, 2001) ^[8] to measure service quality in Islamic banks. SERVQUAL model is composed of five dimensions are as follow: assurance, reliability, tangibility, empathy and responsiveness. In 2001, Othman and Owens have modified this model and added one more dimension called compliance to become CARTER model that is designed to measure service quality in Islamic banks (Othman and Owens, 2001) ^[8].

Servqual and carter Model Dimensions

Compliance: it is the ability of the bank to operate its service

by applying the principles of Islamic law and practices. The items composing compliance are applying Islamic regulation and principles, opportunity for saving for free interest, delivery of Islamic financial services, delivery of free interest credits and delivery of profit sharing investment (Othman and Owens, 2001) [8].

According to Parasuraman, Berryand, Zeithaml, 1995 [9], the following represent the characteristics of SERVQUAL model dimensions (Parasuraman, Berryand, Zeithaml, 1995) [9].

Assurance: Understanding and politeness of workers and their facility to encourage trust and confidence. This includes the following characteristics:

- Courtesy: includes, politeness, respect, consideration, friendliness and personal contact with customers.
- Competence: Knowledge and skills of communication, Knowledge and skills operation of service quality.
- Communication: the cost needed to finish the service.

Tangibility: Physical facilities, equipment and appearance of personal and communication materials. This includes the following characteristics:

- Physical appearance and appearance of personnel communication.
- Tools or equipment used to deliver the service such as technology and other.
- Physical representation of the services such as credit card.

Reliability: facility to achieve the assured service consistently and perfectly. This includes the following characteristics:

- Accuracy in billing
- Performing the service at the selected time.

Empathy: Helpful, customized kindness the firm affords its customers. This includes the following characteristics:

- Security: includes, physical safety and financial security and confidentiality.
- Credibility: includes, Bank name and reputation, personal information of the contact personnel and the degree of understanding in communication with customers.
- Access: includes, accessible service through the phone, time needed to finish the service and location of operating services.

Responsiveness: Ability to help clients and provide needed services. This includes the following characteristics:

- Replying the transaction immediately by mail
- Responding to customer immediately through phone
- Promoting services through quick appointments.

Customer satisfaction

There are many conceptual definition of customer satisfaction: Oliver, (2010) [10] defined customer satisfaction as the feeling of pleasure resulting from the uses of service features or the service itself. Also, Klein, 2013 [11] defined customer satisfaction as a self-reported measure of the degree customers like the organization and how happy they are with services delivered by the organization. Oliver, (1980) [12] stated that customer satisfaction is a result of difference between expectation and perception of service quality.

As for the relation between the service and satisfaction there are two points of view. The first point of view states that satisfaction does not diagnose the quality of the service, this deal on the idea of satisfaction, because customers perceive quality as a form of position and assessment in the long-term. But as for satisfaction is the feeling towards a temporary instantaneous treatment (Bitner and Hubbert, 1994) [13]. As for the second point of view, it states that customer perceive quality of service as a trigger to satisfaction. This resulted from the conclusion that the customer satisfaction is a feeling resulting from the evaluation of the quality of services provided to him (Cronin and Taylor, 1992; Fornell, 1992; Othman and Owen, 2001) [14][15][16].

Moreover, customer satisfaction is a function between the service performance and a set of customer requirements (Hell and Alexander, 2006) [17]. Because the competition is increasing in banking industry, the effort of banks is to focus on increasing customer satisfaction and retention by improving quality of services (Levesque, 1996) [18]. However, Service quality and customer satisfaction are the same because of the high degree of association that occurs between them (Oliva, Oliver and MacMillan, 1992) [19]. Also, service quality shows a direct and immediate effect on customer satisfaction (Bitner, 1990) [20].

Table 1: The results of previous researches conducted to determine the relationship between service quality and customer satisfaction.

Author	Results	Model used
Ijaz and Ali, 2013 [21]	In Islamic banks manager satisfaction is greater than customer satisfaction	Servqual model
Omar Siddiqui, 2011 [22]	Positive relationship between service quality dimensions and customer satisfaction	Research model
Amin and Isa, 2008 [23]	Significant relationship between service quality and customer satisfaction	Servqual Measurement scale and compliance
Tahir and Bakar, 2007 [24]	In Banks, the perceived service quality is below customer expectation	Servqual model
Al-Tamimi and Al-Amiri, 2003 [25]	There are relationship between service quality and SERVQUAL dimensions and customer satisfaction	Sevaqual model

Based on the above discussion, and the results of previous study that are indicated in table 1, the following research question and hypothesis have been formulated:

Q1: does the quality of the service has a significant effect on customer satisfaction?

So, this study is conducted to test this formulated hypothesis:

H1: Service quality has positive and significant effect on customer satisfaction.

H1o: Service quality has no significant effect on customer satisfaction

Service quality dimensions

It is not enough to find out the result of the relationship between service quality and customer satisfaction. Based on SERVQUAL and CARTER model Service quality is composed of six dimensions (compliance, assurance, reliability, tangibility, empathy and responsiveness). The relative importance among these dimensions varies from one

business sector to another depending on the service delivered, culture, country, law and rules, ethics, facilities, environment, economics, lifestyle, customers need, customer wants and human factor. However, it is important for Islamic banks to determine which one among service quality dimensions has the highest effect on customer satisfaction.

Table 2: previous research results that represents the difference among service quality dimensions

Author	Country	Model	Field of study	Results
Misbach, Hadiwidjojo 2014 [26]	Indonesia	CARTER model	Islamic Bank	Significant influence of service quality on client satisfaction, responsiveness is the strongest dimension and compliance is the weakest
Ebrahimi and Moghadam, 2012 [27]	Iran	CARTER model	Islamic Bank	Responsiveness and assurance are most important factors and Compliance is least important
Tahir and Abu Bakar, 2007 [28]	Malaysia	SERVQUAL model	Commercial bank	Responsiveness is the best important dimension then reliability, tangibility, assurance and empathy
Najjar and Bishu, 2006 [29]	USA	SERVAQUA model	Bank	Responsiveness and reliability is the important dimensions
Arasli <i>et al.</i> (2005) [30]	Cyprus	SERVQUAL model	Mobile service industry	assurance had highest effect on customer satisfaction
Shafie, Azmi and Haron, 2004 [31]		CARTER model	Islamic Bank	Compliance is the best dimension
Yavas <i>et al.</i> 2004 [32]	Germany	SERVQUAL model	Private Bank	reliability and responsiveness are positively related to satisfaction
Beerli <i>et al.</i> 2004 [33]	Spain	SERVQUAL model	Retail Bank	reliability, responsiveness and assurance are the important dimensions
Wang <i>et al.</i> 2003 [34]	China	SERVQUAL model	Retail Bank	Assurance and responsiveness are important dimensions in distributing service quality
Lasser <i>et al.</i> 2002 [35]	USA and South America	SERVQUAL model		Empathy is the greatest significant dimension affecting customer satisfaction
Newman, 2001 [36]	UK	SERVQUAL model	Service marketing	Responsiveness, empathy and assurance affect customer satisfaction
Kwan and hee, 1994 [37]	Singapore	SERVQUAL model	Bank	Responsiveness and reliability are the most important while tangible is the least important dimension
Dotchin and Oakland, 1994 [38]	UK	SERVQUAL model	Banks	Assurance, tangible, reliability, responsiveness are the most important dimensions while empathy is the least one
Parasuraman <i>et al.</i> 1988 [39]	USA	SERVQUAL model	Service quality in grocery stores	Reliability is the greatest significant dimension followed by assurance, tangibles, responsiveness and last was empathy

Based on the above discussion and the results of previous research represented in table 2, the following research question and hypothesis have been formulated:

Q2: Is there a significant difference between and among the dimensions of the service quality in affecting customer satisfaction?

H2: There are significant differences related to the influence of service quality dimensions on customer satisfaction.

H2o: There are no significant differences related to the influence of service quality dimensions on customer satisfaction.

Customer Loyalty

Customer loyalty had been recognized as the vital source of

organization success, competitive advantage and its continuity. Influencing the customer loyalty on service firm would maximize the firm profitability (Heskett, Jones, Loveman, Sasser and Schlesinger 2008) [40]. Therefore, profit and growth of the bank are encouraged by client loyalty. According to Taylor, 2007 [41], states that loyalty is totally influenced by the customer satisfaction and by the value of the services. Customer satisfaction is important for banks sector because it affects its profit (Levesque 1996) [42]. Because customer satisfaction controls the expectation of repurchase intentions and affects the business success (Iacobucci, Grayson and Ostron, 1995) [43]. However it is essential to provide customers with quality service to guarantee the organizational success and survival (Gronroos, 1984) [44]. The success and continuity of the banks depend on its ability to attract and recall loyal customers (Arduini and Vincenzo, 2010) [45].

Table 3: Previous results of the relationship between customer satisfaction and customer loyalty

Author	Results
Zeithaml and Bitner (2003) ^[46]	Customer satisfaction has become a main factor that enhance long-term profitability, customer loyalty, and customer retention.
Cronin, Brady, and Hult, 2000 ^[47]	Customer satisfaction has high impact on customer intentions to repurchase
Andersson and Furnell, 1995 ^[48]	Satisfaction is an indicator of intentions to return to the supplier.
Hassan <i>et al.</i> , 2010 ^[49]	There is inspire connection between the customer satisfaction and customer loyalty
Mosahab, Mahmoud, Ramayah, 2009 ^[50]	There is an excellent correlation between customer satisfaction and customer loyalty.
Othman and Own, 2001 ^[51]	There is impact of service on customer loyalty that resulted from the excellent customer satisfaction

Based on the above discussion, and the results of previous research represented in table 3, the following research question and hypothesis have been formulated:

Q3: does customer satisfaction has a significant effect on customer loyalty?

H3: Customers satisfaction has significant and positive effect on customer loyalty.

H3o: Customers satisfaction has no significant effect on customer loyalty.

2. Materials and methods

The research design used in this study is a descriptive design. The population for this research are all customer at all Islamic banks in Beirut, Non-probability sampling (convenience sampling) technique has been used in this study. A research strategy used is survey, using questionnaire retrieved from CARTER model a modification of SERVQUAL model.

The questionnaire is composed of two parts; the first part is divided into two sections, the first one related to service quality and the six dimensions of service quality, the second section focus on customer satisfaction and customer loyalty. As for the second part of this questioner, it is related to the demographics aspect of the customers. The variables were measured using Likert scale type consisting of five points. As for first section of the questionnaire, the first point of measurement was (1) not important, the second was (2) somewhat not important, the third was (3) neutral, the fourth was (4) somewhat important, and the fifth was (5) very important. The first point of the second section was (1) strongly disagree, the second was (2) disagree, the third was (3) neutral, the fourth was (4) agree and the fifth was (5) strongly agree.

To conduct this quantitative study, this research target 300 customers at Islamic banks in Beirut (based on previous literature some research support approximate the same range of number for example: Mushek Kumar, Tat kee fong, (2011) ^[52] the targeted sample size was 300 and Nashwa hammoud, Mona bittar (2016) ^[53] the targeted sample size was 350). 300 questionnaires were distributed to Islamic bank customers at Beirut city (Many literatures support this range of number), meanwhile the sample type is convenience. A couple of months were needed to deliver back 176 filled questionnaires. However, the response rate is $(176/300) = 58.67\%$.

Statistical analysis techniques

This study used Cronbach's Alpha to determine the scale reliability, Factor analysis (KMO and Bartlett of Sphericity) to measure validity,, descriptive statistics, correlation matrix and simple regression and multiple regression.

3. Data Analysis

Sample Profile

Table 4 shows the sample profile of this study, as represented on the table 4, 54.9 % of the respondents were female that represent most of the respondents, whereas 45.1 % of the respondents were male. The majority of respondents were customer above 36 years old that represents 64.1 % of total percentage, and 55.4% of respondents achieve master's degree. There are 47.2% of respondents used saving service in Islamic banks, and 35.5% of respondents used the financing service. 57.9% of the total respondent have been using Islamic banks service for 4 to 6 years. 36.4% of respondents represents the income range between 1,500,000L. L and 2,999,000L. L.

Table 4: the Demographic aspect results

Demographic variable	Frequency (out of 176)	Percentage (%)
Gender		
Male	78	40.5
Female	96	49.2
Age		
18-25	6	3.4
26-35	44	25.1
36 and above	126	71.5
Educational Level		
Secondary school	4	2.3
Bachelor's degree	61	34.9
Master's degree	109	61.7
PhD	2	1.1
Services used		
Saving	93	52.6
Investment	6	3.4
Saving and investment	69	39.4
Saving and financing	1	.6
Investment and financing	1	.6
Saving, investment and financing	6	3.4
Duration of using the services		
Less than one year	4	2.3
1-3 years	32	18.3
4-6 years	114	64.6
More than 7 years	26	14.8
Income		
Less than 500,000	3	1.7
501,000-999,000	14	8.0
1000,000-1499,000	44	25.1
1,500,000-2,999,000	72	40.6
More than 2,000,000	43	24.6

Reliability test

Reliability refers to the degree at which the result obtained is

accurate, meanwhile across a different range of measurement the result will be repeatability and consistent (Colin Phelan, Julie Wren, 2005) ^[54]. Cronbach’s alpha is the most widely used consistency coefficient, it measures the internal reliability of the variables for test with multiple possible answers. The minimum acceptable level of the coefficient alpha ranges between 0.5 and 0.6 (Nunnly, 1995) ^[55]. However, if the result is reliable so the measurement would be free of error. Based on the result of coefficient alpha in the table, the reliability of this study ranged between 0.596 and 0.941 which are above the minimum level, so this is considered acceptable.

Validity test

KMO Kaiser-Meyer-Oklin measure of sampling adequacy and the Bartlett’s of sphericity (Approx. Chi-square) are measured using factor analysis.

KMO Kaiser-Meyar-Olikin reflects the appropriateness of the scale. The minimum acceptable range according to this parameter is between 0.50 and 0.60. KMO value of compliance is 0.526 that is greater than 0.5. KMO value of assurance is 0.747 that is greater than 0.5. KMO value of reliability is 0.579 that is greater than 0.5. KMO value of tangibility is 0.572 which is greater than 0.5. KMO value of empathy is 0.665, its greater than 0.5. KMO value of responsiveness is 0.526 which is greater than 0.5. KMO value of satisfaction is 0.716 it is greater than 0.5. KMO value of loyalty is 0.589 is greater than 0.5. So, as a total result the KMO value ranged between 0.571 and 0.716 which is valid. According to Nunnly 1995 ^[55], Bartlett of sphericity must achieve certain level of significance, the P-value must be less than or equal 0.05 to be significant. All the variables have the p-value equal to 0.000; these indicate that all variables are significant.

Table 5: Reliability and Validity results

Variables	KMO test	KMO test Analysis	Test Bartlett	Test Bartlett Analysis	Number of items	Cronbach’s Alpha	Cronbach’s Alpha Analysis result
Compliance	0.526	Valid	X2=40.536 P=0.000	Significant	5	0.941	Reliable
Assurance	0.747	Valid	X2= 377.628 P= 0.000	Significant	5	0.775	Reliable
Reliability	0.579	Valid	X2= 178.465 P= 0.000	Significant	3	0.750	Reliable
Tangible	0.571	Valid	X2= 76.255 P= 0.000	Significant	5	0.596	Reliable
Empathy	0.665	Valid	X2=62.983 P= 0.000	Significant	5	0.848	Reliable
Responsiveness	0.526	Valid	X2=11.398 P= 0.000	Significant	5	0.917	Reliable
Satisfaction	0.716	Valid	X2=212.857 P= 0.000	Significant	5	0.679	Reliable
Loyalty	0.589	Valid	X2= 77.158 P= 0.000	Significant	3	0.640	Reliable

Descriptive statistics

Descriptive statistics is used to estimate the statistical description of the study variables. Means scores of the six dimensions of the service quality were ranked based on customer’s evaluation of the service quality dimension’s performance in Islamic banks. The results indicate that compliance has the highest mean score of 4.8057, which is the highest among the service quality dimensions. This result indicates that the service quality delivered by Islamic banks

has high compliance. The mean score for assurance is 4.317. The mean score for reliability is 4.1872. The mean score for tangibility is 4.1102. The mean score for responsiveness is 3.9384. The mean score for empathy is 3.6562. The results indicate that compliance is highly applied in Islamic banks and the least applied dimension is empathy. But in general the mean score of the dimensions ranged between 3.652 and 4.8; these results are acceptable and indicate that Islamic banks practices all the dimensions in a good way.

Table 6: Represents the Descriptive statistics results for (Compliance, assurance, Reliability, Tangibility, empathy, responsiveness, satisfaction and loyalty).

Variables	N	Minimum	Maximum	Mean	Std. Deviation
Compliance	176	4.40	5.00	4.8057	0.14251
Assurance	176	1.80	5.00	4.3170	0.61314
Reliability	176	2.55	5.00	4.1872	0.63177
Tangible	176	3.00	5.00	4.1102	0.37019
Empathy	176	2.88	4.25	3.6562	0.34395
Responsiveness	176	3.00	4.50	3.9384	0.32342
Service quality	176	3.40	4.69	4.1691	0.26299
Satisfaction	176	1.40	5.00	4.6432	0.71391
Loyalty	176	1.00	5.00	4.5701	0.84336
Valid N (list wise)	176				

Hypothesis test

Simple regression

H1: Service quality has positive and significant effect on customer satisfaction

H1o: Service quality has no significant effect on customer satisfaction

Simple regression is used to test H1. Table 7 represents the results of simple regression.

Table 7: Model Summary of H1

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.290 ^a	.084	.079	.80954

- a. Predictor: (Constant), Service quality
- b. Dependent Variable: Customer satisfaction

Table 7 shows that the value of the correlation is 0.290 (r=0.290) this indicates that there is a positive correlation between the independent variable that is service quality and the dependent variable that is customer satisfaction.

Moreover, the coefficient of determination R square refers to the value that indicates the predictable effect of the independent variable (service quality) on the proportion of the variance in the dependent variable (customer satisfaction). The higher the coefficient of determination the more accuracy the prediction will be. Service quality has a coefficient of determination (R square=0.084) which refer to 8.4% change in customer satisfaction results from the perceived service quality. This is low value but significant.

Table 8: ANOVA^a Results of H1

Model	Sum of Squares	Df	Mean Square	F	Sig.	
1	Regression	10.438	1	10.438	15.927	.000 ^b
	Residual	114.031	174	.655		
	Total	124.469	175			

- a. Dependent Variable: Satisfaction
- b. Predictors: (Constant), Service quality

Table 8 represents the results for analysis of variance (ANOVA) for the independent variable service quality and the dependent variable that is customer satisfaction. The coefficient of P-value indicates that the result is significant. Based on the result appears in the table 8, P=0.000, this value is this indicates that service quality has significant effect in the variation of customer satisfaction. Thus, this result support H1.

Table 9: Coefficients Results of H1

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.698	.972		.718	.473
	service quality	.929	.233	.290	3.991	.000

- a. Dependent Variable: Satisfaction

A standardized coefficient value of 0.29 explains that one standard deviation increase in service quality (independent variable) on average leads to 0.29 standard deviation increase in the customer satisfaction (dependent variable).

The results of correlation matrix and simple regression shows that there are positive and significant relationship between service quality and customer satisfaction. This indicates that the hypothesis H1 is accepted and null hypothesis H1o is rejected. And the research question Q1 is answered positively and proved. Thus, in Islamic banks, service quality provided to customers has positive and significant effect on customer satisfaction. Meanwhile, the results have confirm the hypothesis/theory.

H3: Customer Satisfaction significant effect on customer loyalty

H3o: Customer satisfaction has no significant effect on customer loyalty

Simple regression was used to test H3. Table 10 represents the results of simple regression.

Table 10: Model Summary of H3

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.505 ^a	.255	.251	.73134

- a. Predictor: (constant), Satisfaction
- b. Dependent variable: Loyalty

Table 10 shows the value of the correlation is 0.505 (r=0.505); this indicates that there is a positive correlation between the independent variable that is customer satisfaction and the dependent variable that is customer loyalty.

Customer satisfaction has a coefficient of determination (R square=0.255) which refer to 25.5% change in customer loyalty results from the practicing of customer satisfaction.

Table 11: ANOVA^a Results of H3

Model	Sum of Squares	Df	Mean Square	F	Sig.	
1	Regression	31.754	1	31.754	59.369	.000 ^b
	Residual	92.530	173	.535		
	Total	124.283	174			

- a. Predictor: (Constant), Satisfaction
- b. Dependent Variable: Loyalty

Table 11 represents the results for analysis of variance (ANOVA) for the independent variable customer satisfaction and the dependent variable that is customer loyalty. The coefficient of P-value indicates that the result is significant. Based on the result appears on the table 11, P=0.000, this indicates that customer satisfaction has significant effect in the variation of customer loyalty. Thus, this result shows that H3 was supported.

Table 12: Coefficients results of H3

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.796	.364		4.937	.000
	G-Satisfaction	.597	.077	.505	7.705	.000

- Dependent Variable: Loyalty

A standardized coefficient value of 0.505 explains that one standard deviation increase in Customer satisfaction (independent variable) on average leads to 0.505 standard deviation increase in the customer Loyalty (dependent variable).

4.6.2 Multiple Regression

Multiple regression was used to test the effect of the service quality dimensions (compliance, assurance, reliability, tangibility, empathy and responsiveness) on single dependent variable that is customer satisfaction.

H2: There are significant differences related to the influence of service quality dimensions on customer satisfaction.

H2o: There are no significant differences related to the influence of service quality dimensions on customer satisfaction.

Table 13: Multiple regression results of H2

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.404 ^a	.163	.133	.78518

a. Predictor: (Constant), A-Compliance, B-Assurance, C-Reliability, D-Tangibility, E-Empathy, F-Responsiveness

b. Dependent Variable: customer satisfaction

Table 13 shows the value of the correlation is 0.404 ($r=0.404$); this indicates that there is a positive correlation between the independent variable that is service quality dimensions and the dependent variable that is customer satisfaction, this results with a conclusion that service quality has a positive effect on customer satisfaction.

Table 13 shows that Service quality dimensions have coefficient of determination (R square=0.163) which refer to 16.3% change in customer satisfaction results from the practicing of the dimensions.

Table 14: ANOVA^a Results of H2

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	20.280	6	3.380	5.482	.000 ^b
Residual	104.189	169	.617		
Total	124.469	175			

a. Predictor: (Constant), A-Compliance, B-Assurance, C-Reliability, D-Tangibility, E-Empathy, F-Responsiveness

b. Dependent Variable: customer satisfaction

Table 14 represents the results for analysis of variance (ANOVA) for the independent variable service quality dimensions and the dependent variable that is customer satisfaction. The coefficient of P-value indicates that the results are significant. Based on the result appears in table 14, $P=0.000$, this indicates that service quality dimensions have significant effect in the variation of customer satisfaction. Thus, this result shows that H2 was acceptable.

Table 15: Coefficient results for H2

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	.489	2.230		-.220	.05
A-Compliance	.421	.431	.071	.977	.030
B-Assurance	.284	.141	.207	2.018	.045
C-Reliability	.115	.128	.086	-.893	.033
D-Tangible	.271	.167	.119	-1.625	.016
E-Empathy	.109	.231	.044	.470	.025
F-Responsiveness	.764	.286	.293	2.666	.008

a. Dependent Variable: H-satisfaction

Table 15 shows that; the compliance has p-value equal to 0.03 (less than 0.05) which means it's significant. The P-value of

assurance equal 0.045 less than 0.05 which means it is significant. The P-value of reliability equal 0.033 less than 0.05 this indicates that it is significant. The P-value of tangibility equal 0.16 which is less than 0.05 so it is significant. Empathy the P-value equal 0.025 that is less than 0.05 which mean it is significant. The P-value of responsiveness equal to 0.008 less than 0.05 which mean it is significant. This indicates that all variables are significant to predict the variation in the dependent variable (customer satisfaction).

A different result of standardized coefficient value explains that there are relative importance related to the influence of service quality dimensions (independents variables: Compliance, assurance, reliability, empathy tangibility and responsiveness) on customer satisfaction (independent variable), this result shows that responsiveness has the highest coefficient β , so a standardized coefficient value 0.293 explains that one standard deviation increase in responsiveness on average leads to 0.293 standard deviation increase in the customer satisfaction (dependent variable). In this result, the higher the β value will be the more the standard deviation it causes to dependent variable.

However, responsiveness scores the lowest P-value, this indicates that responsiveness is significant and contributes the highest to the variation of the dependent variable (customer satisfaction). Also, responsiveness scores the highest beta value (0.293) if compared to other variables' beta value (compliance, assurance, reliability, tangibility, empathy). This means that responsiveness dimension of service quality makes the strongest unique contribution to explain the variation in dependent variable (customer satisfaction). Assurance is considered as the second-dimension influence customer satisfaction its beta value (0.207), the third-dimension influence customer satisfaction is tangibility with beta value (0.119). The lowest dimension influencing customer satisfaction are compliance and empathy with beta value respectively (0.071) and (0.025).

The results of correlation matrix and the multiple regression indicate that responsiveness is the most effective dimension of the service quality affecting customer dimension, and assurance considered as the second important dimension for the customers, while compliance and empathy is the least effective dimensions. However, this result cannot deny that all the dimensions work more effectively together as a group on affecting customer satisfaction.

The results of correlation matrix and simple regression indicate that the hypothesis H3 is accepted and null hypothesis H3 is rejected. The research question Q3 is answered positively and proved. Thus, in Islamic banks, customer satisfaction has positive and significant effect on customer loyalty.

On the other hand, the descriptive analysis of service quality dimensions shows that empathy and responsiveness are least applied among service quality dimensions in Islamic, while compliance is considered as the most applied dimension in Islamic banks. And because responsiveness is considered as the most important dimension affect customer satisfaction, Islamic banks must focus on this dimension and find the

reason behind the weakness and solve it.

4. Conclusion

This study aims to measure service quality in Islamic banks in Lebanon and determine the relationship between service quality and customer satisfaction and the relationship between customer satisfaction and customer loyalty, also this study aims to determine the relative importance related to the influence of service quality dimensions on customer satisfaction. The results of this research prove that in Lebanese Islamic banks service quality has a positive and significant effect on customer satisfaction, as well as customer satisfaction has a significant and positive effect on customer loyalty. This indicated that service quality is important for the continuity and profitability of Islamic banks in Lebanon. For this reason, Islamic banks should find the service quality dimensions and the other factors that influence customer satisfaction. And Islamic banks should work and advance these dimensions and factors in the way that meet customer satisfaction. By studying and measuring service quality dimensions and study its relationships with customer satisfaction, Islamic banks can identify the strongest dimension affecting customer satisfaction, so Islamic banks could focus on. As represented on the result, responsiveness is the strongest dimensions, so Islamic banks should focus on this dimension, so it could reach customer expectations that will leads to their satisfaction.

5. Recommendations

For Islamic banks to know how much the customers are satisfied, as well as which dimensions of service quality are satisfactory, and which ones are dissatisfactory, this research was conducted. It is recommended to conduct this research on a regular basis because results could change depending on the need and desires of the customers. Based on the findings, responsiveness is considered an important dimension for customers but based on the descriptive analysis of the service quality dimensions responsiveness is considered a weak dimension among other dimensions of service quality. This study found out that to obtain ideal service quality which customers expect, managers must improve the interactions between employees and customers, fulfill customers need, good treatment, and availability of credits in favorable terms, branching for Islamic banks and fast and efficient services. Meanwhile, it is recommended for an Islamic bank to enhance the employees' skills in serving customers, physical element and process element. As for future researches, more researches are needed to specify the relative importance among the service quality dimensions. Also, replicated studies are needed on other Islamic banks in the region. In addition, researches must be conducted on different service organization. Moreover, researches required to determine the reason behind the weakness in some service quality dimensions in Islamic.

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