

## **The Effect of Service Quality on Banks Marketing Performance: An Empirical Investigation of Managers Perspectives**

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### **ABSTRACT**

The aim of this empirical research is to examine the relationship between the service quality dimensions (functional and technical) and bank marketing performance in the banking sector of Jordan. The service quality and performance literatures were carefully reviewed from which theoretical gaps were found that needed more empirical investigation. Consistent with the majority of previous research, this research employed a quantitative method to test the research model and hypotheses. A questionnaire was designed to collect data in relation to the service quality and marketing performance at banks operating in Jordan. Based on a multi-item construct of the service quality and marketing performance, primary data were collected from 174 managers working for 21 banks during 2005. The effects of the service quality dimensions on banks marketing performance were examined by using descriptive and analytical statistical methods such as multiple and simple regression analyses. The results indicate that the functional and technical quality dimensions, collectively, are significantly and positively related to the banks marketing performance. The results also indicate that reliability and responsiveness, respectively, are the strongest predictors in explaining variations of the banks marketing performance assessed by financial, market and customer based criteria. The research results and findings also indicated that the service quality at banks should include two dimensions, namely; functional and technical quality. Further, the functional quality is still more important than the technical quality and has a stronger relationship with all the banks marketing performance indicators. The technical quality should be part of service quality at banks, because it has a positive and significant relationship with banks ROI. Finally, research findings, contributions, limitations and future research directions are also discussed.

**Keywords:** Service Quality, Bank Marketing Performance, Functional Quality, Technical Quality, Financial Services, Jordan.

### **1. INTRODUCTION**

The past few years have seen a proliferation of literature in the area of effective management of service organisations. Several attempts were made to understand and identify service quality dimensions during the last three decades. A major theme has been the focus on service quality and its link to business performance, with the finding that superior service quality translates into higher profits and eventually improving business performance (e.g., Gronnoos, 1984; Parasuraman et al., 1988; Ennew and Binks, 1996; Lasser et al., 2000; Lai and Cheng, 2005). Service quality has become one of the

main concerns of service company officials, and is becoming a strategic variable which greatly affects the marketing and production policies in many services companies (Lai and Cheng, 2005). Consequently, delivering superior service quality has become a prerequisite for the success and survival for today's service businesses especially in the financial service institutions such as banks (Sureshchandar et al., 2002). It is a strategic imperative for financial institutions especially in the pace of intensifying competition and demanding customers (Newman, 2001). As a developing country, Jordan has been witnessing remarkable progress in improving its economy during the 1990s decade. The banking industry in Jordan is going under major changes in terms of structure, entering new players, new deregulation and liberalising the Jordanian economy. All these factors forced banks in Jordan to provide superior service quality to stay competitive in the marketplace and

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to achieve a better performance. Given the strategic importance of service quality, the major aim of this research is to examine the proposed relationship between service quality and banks marketing performance from managers' perspectives. The research problem, objectives and importance are described and discussed in the first part of the paper. A relevant literature review was carried out on service quality and banks marketing performance and then, hypotheses were formulated. Next, the detailed methodology is described and the stated hypotheses were tested. Finally, research findings, results and discussions as well as contributions, limitations and future research were also included.

## 2. PROBLEM OF THE RESEARCH

The research problem is concerned with investigating the relationship between service quality and banks marketing performance. Examining relevant service quality and performance literatures has revealed that there are gaps that underpin conducting this research paper.

- First, previous research revealed that the relationship between service quality and business performance has been viewed as controversial and debatable issues, and it needs more empirical evidence to investigate it. Some marketing scholars have suggested investigating this relationship among different service industries, cultures, and countries (Anderson et al., 1994; Zeithaml, 1996; Robinson, 1999; Zeithaml, 2000; McDougall and Levesque, 2000; Lasser et al., 2000; Newman, 2001; Cronin, 2003).
- Second, literature of service quality has supported new measurements and operational definitions in order to measure service quality. This encouragement is related to type of the industry, business culture and the research purpose for measuring the service quality (Parasuraman et al., 1988; Carman, 1990; Cronin and Taylor, 1992; Robinson, 1999; McDougall and Levesque, 2000; Newman, 2001; Cronin, 2003).
- Third, most of service quality research has focused on the functional aspect (process) of service quality and neglected or ignored the technical aspect of service quality. This argument is supported by (e.g., Carman, 1990; Cronin and Taylor, 1992; Robinson, 1999; Newmanm 2001; Kang and James, 2004). Therefore, research endeavours can be directed at both dimensions of service quality; functional and

technical quality.

- Fourth, most research conducted in this field focused on investigating service quality from customers' perspectives with little research efforts devoted to understand service quality from management perspectives (Mu'alla, 1998; AL-Shurah, 2004).
- Fifth, there is scarcity in academic research in Jordan that is devoted to investigate the service quality from management perspectives in the banking sector. There have been very few research projects that investigate the topic of service quality and its relationship with marketing performance from managers' perspectives in the banking sector. Research on service quality in banking (e.g., Mu'alla, 1998) and other service industries in Jordan (e.g., AL-Shurah, 2004) has strongly recommended measuring and investigating service quality and marketing performance from managers' perspectives as an important area of research. Although the majority of studies have investigated and focussed on service quality from customers' perspectives, there is a growing body of research that has investigated (e.g., Gronroos, 1984; Rapert and Wren, 1998; Chang and Chen, 1998; Sureshchandar et al., 2002; Chumpitaz and Paparoidamis, 2004; Kilbourne et al., 2004) or recommended (Mu'alla, 1998; AL-Shurah, 2004) investigating the service quality from managers and/or employees perspectives in order to complement service quality studies that have focused on customers perspectives. This research has aimed to add to the stream of research that has focused on extending our understanding of service quality dimensions and their effect on business performance from managers' perspectives, as recommended by previous studies. Further, the research aim is to examine the relationship between service quality and banks marketing performance as experienced by the banks' managers.

Based on the above discussion, the study questions are:

1. To what extent the banks are interested in service quality and focus on it as a major driver of marketing performance in the edge of free market economy?
2. Are there any relationships between the dimensions of service quality (functional and technical together) and banks' marketing performance?

3. What are the most influential dimensions of service quality on banks' marketing performance?

### 3. THE OBJECTIVES OF THE RESEARCH

The research objectives are:

1. To describe and identify the dimensions of service quality and marketing performance dimensions in banks.
2. To examine the extent to which banks focus on service quality dimensions in designing their service quality strategies.
3. To investigate the relationships between the service quality dimensions (functional and technical together), and the banks' marketing performance.
4. To examine the most influential dimensions of service quality on banks' marketing performance.

### Literature Review

#### 1. Service Quality and Performance

Service quality is one of the major drivers of today's service businesses and it has been viewed as a potential source of achieving a competitive advantage and improving business performance (Lewis, 1993; Chang and Chen, 1998; Newman, 2001). Its dimensions vary among service sectors. Service quality is known to be based on multiple dimensions (Gronroos, 1984; Parasuraman et al., 1985, 1988). Although service quality has been subjected to intensive research efforts there is no general agreement between marketing scholars in relation to the service quality definition, scale, operational definition or one conceptual framework. Moreover, there has been much disagreement between service marketing scholars related to service quality dimensions (Gronroos, 1984; Parasuraman et al., 1985; Carman, 1990; Cronin and Taylor, 1992; Newman, 2001; Kang and James, 2004).

One of the early contributions to the literature of service quality came through Gronroos (1984) when he suggested a model of service quality. This model suggests that service quality is considered as a function of three dimensions that all influence consumers' perceived quality. The Gronroos's dimensions are technical quality (What service is provided), functional quality (How service is provided) and corporate image. Gronroos found that the functional quality is more important than the technical quality, because among services industries the technical quality is very similar in the marketplace, and it

is difficult to differentiate, and the higher level of functional quality might compensate for some problems with the technical quality (Gronroos, 1984).

Parasuraman et al. (1985) developed a model of service quality that delineated that the service quality has five gaps. Building on this model they developed the service quality determinants. These determinants are access, communication, competence, courtesy, credibility, reliability, responsiveness, security, tangibles, understanding/ knowledge the customer. In another study, Parasuraman et al. (1988) developed a multiple-item scale, called SERVQUAL, for assessing and measuring service quality. They developed five dimensions for assessing service quality, namely; tangibles, reliability, responsiveness, assurance and empathy. The five dimensions can be reworded and/or adjusted or augmented to make them more suitable to the context in which the scale is to be used. The study identified the relative importance of the service quality dimensions, reliability was seen the most important dimension, assurance was second; while, empathy was rated the least important dimension.

Gronroos (1988) suggested six criteria for good perceived quality which are professionalism and skills, attitudes and behaviour, accessibility and flexibility, reliability and trustworthiness, recovery and reputation and credibility. Cronin and Taylor (1992) suggested a model called SERVPERF that deals with performance-based measurements of service quality. Their model is concerned with the actual performance of service quality among customer groups. The study revealed that (a) service quality was seen as an antecedent of customer satisfaction, (b) service quality had a significant effect on customer satisfaction in the entire research sample. Lewis (1993) argued that successful service quality has a pivotal role in companies' sales, market shares, profits and business performance. Successful service quality had led to decreased costs and increased productivity. The ability of a service firm to deliver a high service quality depends on the performance of all employees who must be willing and able to deliver the desired levels of service.

Anderson et al. (1994) argued that there is a general direction for making resurgence in understanding the links between quality, customer satisfaction, and firms' performance. They found that quality had the greatest significance and positive impact on customer satisfaction. ROI, as a long-term measure of company performance, was strongly affected by customer satisfaction. Firms that

achieve high customer satisfaction enjoy superior economic terms. In the same vein, Rust et al. (1995) found that delivering quality service is an essential ingredient for establishing and maintaining loyal and profitable customer base.

Ennew and Binks (1996) conducted a study among the UK banking sector and its relationships with its small business clients. The study found that service quality dimensions, namely; the technical quality, functional quality, and general product characteristics were significantly affected and correctly signed with higher perceived quality and in reducing the potential for customer defection. Service quality affected customer relationships, loyalty and retention. Rapert and Wren (1998) found that service quality-based strategy had positively affected short-term increases in both operating income and growth in net revenues. In addition, service quality had a direct impact on both short and long term organisational performance. Chang and Chen (1998) found that there is a positive relationship between service quality and business profitability. Service businesses that give service quality a high strategic priority, they have an advantage of securing medium and long term benefits that confirm continuous improvements, premium prices, better customer value and customer orientation leading to higher profits.

Mu'alla (1998) carried out a study aimed at measuring service quality in commercial banks operating in Jordan. The study found that the level of service quality of the commercial banks in Jordan was low compared with that quality which is expected by banks' customers. He found that there were significant effects of the length of the customers' experience with banks and the frequency of buying the service on the customers' evaluations of the bank service. Lasser et al. (2000) found that the functional quality was significant and positively affected customer satisfaction. The technical/ functional quality dimensions were significant and only one of the SERVQUAL dimensions was significant and positively affected customer satisfaction. The technical/functional quality dimensions did outperform the SERVQUAL dimensions model related to explaining the variance in customer satisfaction.

Newman (2001) found that the only dimension of the SERVQUAL, which exceeded the customer expectations, was tangibles. The study emphasised the vital role of the human dimension, quality of people, which was reflected by responsiveness, empathy and assurance which were

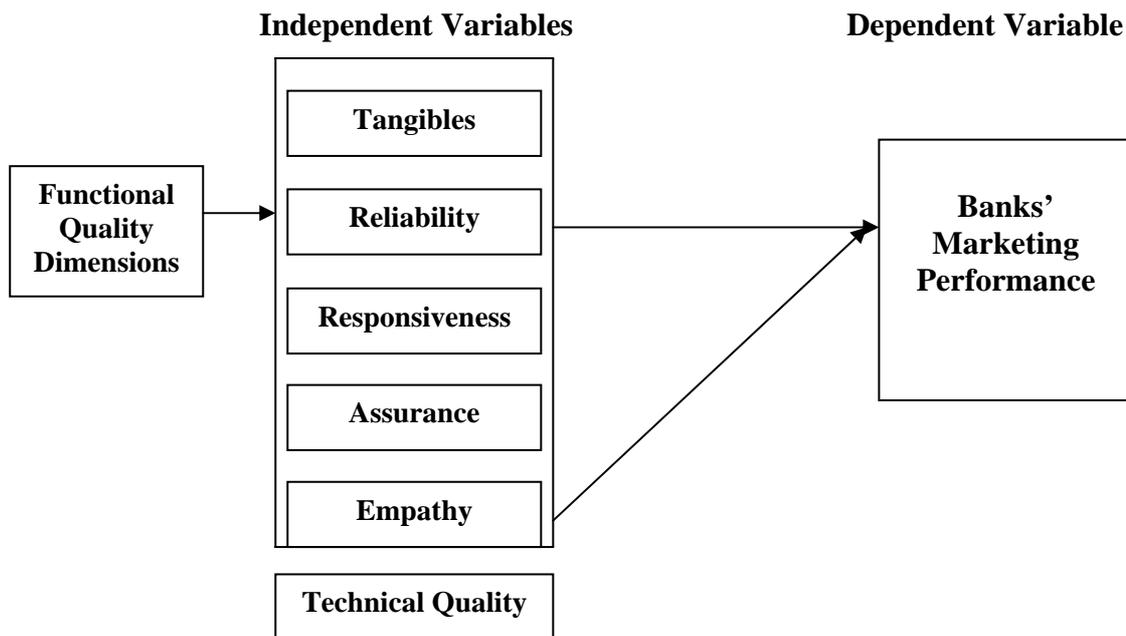
crucial aspects for services marketing. People willingness, ability, and knowledge to serve customers affect customer expectations, perceptions, and experience, which indeed affect the customer satisfaction (Newman, 2001). Duncan and Elliott (2002) found that there is a positive relationship between service quality and financial performance in financial service institutions. More recently, Kang and James (2004) found that service quality consists of three dimensions, functional, technical and image. They found that these dimensions affect the perceived quality of service and customer satisfaction. Kilbourne et al. (2004) investigated the applicability of a modified SERVQUAL instrument as a mean of measuring service quality from employees and managers perspectives. They found that the SERVQUAL dimensions were tangibles, reliability, responsiveness and empathy. The authors found that these dimensions were similar in the USA and UK health sectors and would affect business performance. Chumpitaz and Paparoidamis (2004) found that service quality has positively affected marketing performance. Further, customer satisfaction has fully mediated the relationship between service quality and customer loyalty. Lai and Cheng (2005) found that quality management and marketing are complementary business approaches for improved performance. Abo Shaikha (2005) examined the client's perceptions of the service quality in Jordan Telecom Company. The service quality dimensions used in the study were tangibles, responsiveness, reliability, employees' interactions with clients, and employees' skills and knowledge. The study found that there was a negative impact from the clients about speed of responses and the price of the services provided

Interestingly, examining service quality literature revealed that most of its literature focused on the functional aspect of service quality and neglected or ignored the technical aspect of service quality. This argument is supported by (e.g., Carman, 1990; Cronin and Taylor, 1992; Robinson, 1999; Newman, 2001; Kang and James, 2004). Meanwhile, a significant stream of research has argued that the technical quality aspect may be part of the service quality since it has some effect on business performance (Gronroos, 1984; Ennew and Binks, 1996; Kang and James, 2004). Based on this discussion, it is argued that the service quality should include both functional and technical quality. Moreover, significant empirical evidence on service quality has

indicated that it has a crucial role on business performance assessed based on financial (e.g. ROI, market share or profitability) or non-financial criteria (e.g. customer satisfaction and customer retention) (e.g., Gronroos, 1984; Parasuraman et al., 1988; Anderson et al., 1994; Ennew and Binks, 1996; McDougall and Levesque, 2000; Lasser et al., 2000; Kang and James, 2004; Lai and Cheng, 2005). Based on the above discussion it can be hypothesised that:

**H1: The functional quality dimensions are positively related to banks marketing performance criteria, namely; (a) financial criteria, (b) market criteria, (c) customer criteria.**

**H2: The functional and technical quality dimensions have a greater effect than the functional quality dimension on banks marketing performance criteria, namely; (a) financial criteria, (b) market criteria, (c) customer criteria.**



**Figure 1. The Research Model: Dimensions of Functional and Technical Quality and Banks Marketing Performance.**

Furthermore, much of the above literature review revealed that the functional quality dimension is more important than technical quality in affecting business performance. Therefore, it can be hypothesized that:

**H3: The functional quality dimensions have a greater effect than the technical quality dimension on banks marketing performance criteria, namely; (a) financial criteria, (b) market criteria, (c) customer criteria.**

**2. Marketing Performance**

Banks’ marketing performance was assessed on the basis of managers’ subjective evaluations for three reasons. First, it is argued that marketing performance can be assessed by using management self-report assessments (subjective assessment), which has been proved to be equivalent to those of quantitative assessment (objective assessment). Further, the accuracy

of objective measures in explaining differences in performance between businesses is limited. Executives’ perceptions of performance, however, have been shown in a number of studies to exhibit high levels of consistency with objective measures. Second, research findings suggest that informant measures manifest less method variance than archival or historical figures, subjective assessments are strongly correlated to objective assessments of performance (e.g., Venkatraman, 1990; Hooley et al., 1999). Third, the literature advocated that the subjective approach is a reliable and valid method of measuring marketing performance (e.g., Doyle and Wong, 1998). In addition, banks’ performance should be assessed multidimensionally in a broader perspective of business performance conceptualisation in order to include different aspects of a company’s service quality strategy. This has been supported by an extensive amount of

research in the field of service quality (e.g., Anderson et al., 1994; Rust et al., 1995; Lasser et al., 2000; Kang and James, 2004).

### 3. The Research Model

Based on the discussed literature review, this research has constructed a model of service quality and banks marketing performance to empirically test it on the banking industry in Jordan. Figure (1) shows this model.

The research model contains two types of variables which are:

1. The independent variables. The functional and technical quality dimensions are acting as independent variables and are grouped into two categories. First, the functional quality dimensions that are five dimensions, namely; tangibility, reliability, responsiveness, assurance and empathy. Second, the technical quality dimension which is represented by the outcome of service quality.
2. The dependent variable. The banks marketing performance criteria are acting as a dependent variable and are grouped into three categories, namely; (a) financial criteria, (b) market criteria, and (c) customer criteria.

The rationale for including the technical dimension of service quality in this research model is twofold: (a) there is a substantial body of service quality literature that supports investigating the relationship between technical quality and performance (e.g., Gronroos, 1984; Ennew and Birks, 1996). (b) The SERVQUAL model was criticised in the literature because it lacks the technical dimension of service quality (Carman, 1990; Lasser et al., 2000; Newman, 2001).

## 4. RESEARCH METHODOLOGY

### The Research Population and Sample

The population of this research is all the banks that are operating in Jordan and are registered at the Central Bank of Jordan. There are 24 commercial banks operating in Jordan. The sample to this research was specified as all the marketing managers, top management managers and non marketing managers at banks' headquarters who are involved in developing service quality strategies in the banks. The rationale for choosing these managers is that they have the necessary knowledge to provide answers and in the best position to complete the questionnaires. The nature of service quality literature requires making a move beyond the boundaries of the marketing or quality

manager to develop and implement service quality strategies. Consistent with previous research (e.g., Gronroos, 1984; Allred, 2001; Newman, 2001; Sureshchandar et al., 2002) this research has used multiple respondents from a particular bank to understand their perspectives concerning the quality of service they provide at banks. Using multiple respondents, knowledgeable members of the top management would reduce bias of individual respondents (Voss et al., 2005).

### Data Collection Methods

The research data was collected using both secondary and primary data collection methods. It was decided to use a structured questionnaire as the main primary data collection method. The questionnaire used in the research survey was highly structured where most of its questions were fixed-response alternative questions that required the respondents to select from responses which are located by using five point Likert scales (Churchill, 2001; Aaker et al., 2001). The type of research is a single cross-sectional design in which the collection of information from the respondents (managers) was carried out only once (Churchill, 2001).

### Operationalising the Research Variables

Scales used to measure the research constructs were drawn from the available literature and are outlined below (see table 3). The research items were measured on 5-point Likert-type scales ranging from 5 (strongly agree) to 1 (strongly disagree). The service literature has provided a very rich and concrete empirical and conceptual material from which the operational definitions for the research variables were generated.

**Functional Quality**, it should be mentioned at the outset that there was no attempts made in this research to create or extract new dimensions for service quality but only using its dimensions as recommended by its literature which proved to have produced reliable scales. The functional quality is operationalised based on work of Parasuraman et al (1985; 1988) and other empirical research such as Lasser et al. (2000); Lee et al. (2000). **Technical Quality**, It is operationalised based on work of Gronroos (1984; 1988) and other empirical research such as Ennew and Binks (1996). **Marketing Performance Assessment**, It is defined as the extent to which banks uses marketing performance criteria to assess the effect of service quality on their performance relative to close competitors in the past three years on a Likert scale. The

dimensions of performance were operationalised as follows: (A) Financial Criteria, this construct is operationalised based on work of Rust et al. (1995); Rapert and Wren (1998). (B) Market Criteria, this construct is operationalised based on work of Hooley et al. (1999). (C) Customer Criteria, this construct is operationalised based on work of Anderson et al. (1994); Lasser et al. (2000) and Kang and James (2004).

**The Questionnaire Development and Design**

The process of the questionnaire development and design was conducted through guidelines provided by marketing research literature (Aaker et al., 2001; Malhotra and Birks, 2003) and based on previous empirical research. One of the most recommended methods of pre-testing the design of a questionnaire are the research procedures and undertaking the pilot study work (Aaker et al., 2001; Chisnall, 2001). The pilot study was carried out on leading banks in Jordan through personal interviews with key banking figures. In this pilot study, refinements were carried out on the first draft of the questionnaire, which led to changes in its design, format and layout as well as addition and deletion of some words. This pilot study was insightful for testing the questionnaire and useful suggestions were provided by the managers. The Likert scale was employed in the research for some reasons, namely; (a) the scale is the most widely used attitude-scaling technique in marketing research, (b) it allows the research to have a variety of statistical techniques and conduct powerful statistical analysis e.g., regression analysis, and (c) it has a good reliability in marketing research (Aaker et al., 2001).

**Administering the Questionnaire**

When the population and sample of the research

survey are located in a local area, personally administered questionnaire is a good way of data collection (Sekaran, 2000). All banks’ headquarters are located in Amman area, the capital of Jordan. Using personal contacts and interrelationships with the research population or sample and, making early contacts with potential respondents have been supported by some writers (e.g., Malhotra and Birks, 2003). All the contacted banks agreed to participate in the research survey. The administered questionnaires to banks’ headquarters were 220 questionnaires. Finally, 186 questionnaires were returned from which 174 questionnaires were useable for conducting the research data analysis. The response rate was 79%, which was high because of the approach used for administering the research questionnaire. 21 banks participated in the research survey out of 24 banks.

**5. RESEARCH DATA ANALYSIS**

Consistent with previous research (Gronroos, 1984; Rapert and Wren, 1998; Chang and Chen, 1998) the unit of analysis in the research was “the manager” who was the marketing or non-marketing manager in all the banks operating in Jordan. The rationale for using the manager as unit of analysis is that this research is concerned with measuring managers’ perspectives of service quality rather than banks’ perspectives. Further, during early discussions with key figures in banks managers recommended using multiple respondents and measuring the manager’s perspectives rather than banks to reduce bias. In order to get the research data prepared for conducting a proper analysis procedures were taken, which were strongly recommended by a number of researchers (Hair et al., 1998; Malhotra and Birks, 2003). This process led to discarding 12 questionnaires because they were incomplete.

**Table 1. Reliability Coefficients for Service Quality Dimensions and Marketing Performance**

<b>The Service Quality Dimensions</b>	<b>Number of items</b>	<b>Reliability Coefficients</b>
A. Functional Quality	20	0.9187
1. Tangibles	4	0.7467
2. Reliability	4	0.7598
3. Responsiveness	4	0.8082
4. Assurance	4	0.7937
5. Empathy	4	0.7108
B. Technical Quality	4	0.7172
Overall Quality: Functional and Technical	24	0.9260
Marketing Performance Criteria	Number of items	Reliability Coefficients
A. Financial Criteria	3	0.8693
B. Market Criteria	3	0.8346
C. Customer Criteria	2	0.7438
Overall Performance Assessment Criteria	8	0.9064

**Table 2. Intercorrelations between all the Research Constructs**

Variables	1	2	3	4	5	6	7	8	9	10
<b>A. Functional Quality Dimensions Correlations</b>										
1. Tangibles	1.00									
2. Reliability	0.568	1.00								
3. Responsiveness	0.474	0.691	1.00							
4. Assurance	0.496	0.622	0.676	1.00						
5. Empathy	0.564	0.593	0.610	0.598	1.00					
<b>B. Functional Quality and Technical Quality Correlations</b>										
6. Functional Quality	0.761	0.848	0.842	0.823	0.823	1.00				
7. Technical Quality	0.324	0.552	0.615	0.578	0.596	0.649	1.00			
<b>C. Functional and Technical Quality Dimensions and Marketing Performance Dimensions Correlations</b>										
8. Financial Criteria	0.343	0.500	0.501	0.465	0.385	0.535	0.293	1.00		
9. Market Criteria	0.322	0.483	0.488	0.424	0.382	0.512	0.315	0.800	1.00	
10. Customer Criteria	0.384	0.437	0.44	0.347	0.328	0.464	0.320	0.480	0.642	1.00

Note: All the Correlations in the Table are Significant at P less than 0.01.

### Validity and Reliability

#### Assessing Reliability

The reliability of the research constructs were assessed by examining the Cronbach's alpha coefficient (Sekaran, 2000). The criterion that is used in the research to examine the reliability of each variable is that if a variable reliability is less than 0.60 it is considered to be of poor reliability. If the reliability is over 0.70, it is considered as a sound and reliable measure.

Table (1) shows the reliability coefficients' for the research constructs. It shows that the reliability coefficients' of all research variables were above the cut off point, 0.70, of alpha used in this research. The reliability coefficients for all variables ranged from 0.7108 to 0.9260. Consequently, the measuring instrument and the constructs are of sound and good reliability, and can be relied upon to conduct the research data analysis.

#### Assessing Validity

One of the first insights to be established for the validity of the research instrument is that the alpha coefficient values were all high and reliable and their items were highly correlated. Other evidence was that the questionnaire was piloted on leading banks in Jordan. The validity of the research instrument was assessed through two types that are content validity and construct validity. The fundamental issue in content validity lies in the procedures that are used to develop the research instrument (Chisnall, 2001; Churchill, 2001). These procedures are: first, conducting a thorough examination of the previous empirical and theoretical work of service

quality and performance upon which the operational definition for each variable or construct was conducted using multiple items to capture all its attributes; second, conducting the pilot study before starting the fieldwork.

**Construct Validity**, the evidence of construct validity is present when the pattern of correlations among variables confirms what is predicted by theory (Sekaran, 2000). Convergent validity was used to examine the construct validity of the research measures. If there was strong simple correlation between the components of service quality dimensions, then they are converging on a common construct, thereby providing evidence of establishing convergent validity (Churchill, 2001). This examination was carried out through using the simple correlations matrix between all the dimensions that formulate the domain of service quality. The correlations matrix, shown in table (2), reveals that there are fairly high and significant correlations between all dimensions that constitute the service quality dimensions, and dimensions of banks' marketing performance criteria. Consequently, the correlations confirm the theory of service quality as was theoretically predicted.

### Statistical Analyses and Results

The statistical methods used to analyze the research data and to test the stated hypotheses are all parametric tests, namely; descriptive statistics, reliability, correlations and simple and multiple regression analysis. Research data were suitable for regression analysis and were able to test the research hypotheses and were able to achieve the research objectives.

**Table 3. Service Quality Descriptive Statistics-Means and Standard Deviations**

Service Quality Dimensions	Mean	Standard Deviation
<b>A. Functional Quality</b>	3.8578	0.55183
<b>1. Tangibles</b>	3.9080	0.69121
The cleanliness and appearance of our bank's facilities	4.0517	1.00443
Using up to date equipment	4.0460	0.82459
The appearance of our staff	3.9713	0.77853
The décor and atmosphere of our bank	3.5632	1.03355
<b>2. Reliability</b>	3.7960	0.67472
Delivering our banking services as we have promised to our customers	3.9138	0.75152
No delays in providing our banking services due to bureaucratic reasons and procedures	3.8161	0.91902
Performing our banking services right the first time	3.7759	0.89397
Delivering errors-free banking services	3.6782	0.96162
<b>3. Responsiveness</b>	3.7859	0.68251
Our staff being willing to help customers	3.9253	0.80471
Our staff having the competence and ability to explain our banking services and policies	3.8276	0.88933
Readiness to handle our customers requests and needs	3.7414	0.83063
Using customers' feedback to improve our banking services	3.6494	0.89834
<b>4. Assurance</b>	4.0647	0.63932
Confidentiality and privacy about our customers transactions	4.4253	0.79204
Well-trained employees who have the knowledge to answer customer questions	4.0287	0.77107
Courtesy and competence of our staff	3.9253	0.81895
Providing banking services quality that gives our customers value for their money	3.8793	0.86841
<b>5. Empathy</b>	3.7342	0.68063
Motivating and encouraging our staff to treat customers well	3.8046	0.97766
Knowing our customers on an individual basis	3.7874	0.82284
Understanding our customers needs thoroughly	3.7701	0.97603
Convenient opening hours and easy access to our bank's employees	3.5747	0.91402
<b>B. Technical Quality</b>	3.6853	0.68987
Fast handling of our banking transactions	3.8333	0.95617
Instalments facilities for our bank delayed debts payments	3.7011	0.88160
Frequent contact with our customers	3.6609	0.91549
Fast handling of our customers' complaints	3.5460	0.99459

**Table 4. Financial, Market and Customer Criteria-Descriptive Statistics Means and Standard Deviations**

Banks Marketing Performance Criteria	Mean	Standard Deviation
<b>A. Financial Criteria</b>	4.0057	0.67573
Overall Profitability	4.0115	0.76776
Sales Volume	4.0115	0.77526
Return on Investment	3.9943	0.73317
<b>B. Market Criteria</b>	3.9291	0.65504
Sales Volume Growth	3.9540	0.78877
Overall Profitability Growth	3.9483	0.79206
Market Share	3.8851	0.80354
<b>C. Customer Criteria</b>	3.9454	0.68900
Attracting new customers	3.9540	0.83157
Customer Satisfaction	3.9483	0.75469

**Service Quality and Banks Marketing Performance: Descriptive Analysis**

Table (3) exhibits the means and standard deviations

for the service quality dimensions. In general, the mean scores of the functional quality dimensions are very close to each other which range from 3.73 to 4.06. The highest

mean score, 4.06, was given to assurance, while the lowest mean score, 3.73, was given to empathy. The findings indicate that the mean scores for functional quality dimensions are higher than the mean score for the technical quality dimension. This indicates that managers still focus heavily on the banking functional quality more than technical quality. These findings are consistent with the service quality literature discussed earlier. For the tangibles dimension, table (3) shows that the highest mean score, 4.0, was given to the cleanliness and appearance of the bank's facilities and using up to date equipment. This reveals that the managers place emphasis on providing tangible evidence to customers to handle problems created by the characteristics of banking services. The table also shows that the lowest mean score, 3.5, was given to the décor and atmosphere of the bank. This means that banks have to focus on their internal and

external design as a sign of quality to customers. For the reliability dimension, table (3) shows that delivering banking services as promised to customers was given the highest mean score, 3.9. This reflects that the managers focus on keeping their banks promises and deliver them to customers to stay reliable in their eyes. For the responsiveness dimension, table (3) shows that the bank's staff being willing to help customers was given the highest mean score, 3.9. This tends to show evidence that managers focus on their employees to deliver banking services that rely basically on the human element to satisfy customers. Table (3) shows that the lowest mean score, 3.6, was given to using customers' feedback to improve banking services. This reveals the fact that the banks do not emphasize customer orientation and feedback to improve banking services.

**Table 5. Multiple Regression Analysis. Financial Criteria is Dependent Variable**

Dependent Variables	Return on Investment		Sales Volume		Overall Profitability	
	R Square	Sig. F	R Square	Sig. F	R Square	Sig. F
Multiple Regression Results	0.270	0.000	0.244	0.000	0.228	0.000
Independent Variables	Standardized Coefficients-Beta	Sig. T	Standardized Coefficients-Beta	Sig. T	Standardized Coefficients-Beta	Sig. T
Tangibles	0.006	0.945	0.052	0.552	0.009	0.914
Reliability	0.261	0.011	0.112	0.282	0.259	0.013
Responsiveness	0.206	0.039	0.226	0.034	0.150	0.156
Assurance	0.121	0.215	0.073	0.459	0.224	0.025
Empathy	0.009	0.926	0.123	0.202	0.105	0.273

For the assurance dimension, table (3) shows that the highest mean score, 4.4, was given to the item of confidentiality and privacy about customers' transactions. This reveals that the managers focus on this issue since the Jordanian customers ask banks to keep a high degree of confidentiality about their transactions as a part of the Jordanian culture. The table also shows that the lowest mean score, 3.8, was given to provide banking services that gives customers values for money. This tends to show evidence that the banks focus on this issue to keep their customers satisfied especially to encounter the severe competition in Jordan. For the empathy dimension, table (3) shows that the highest mean score, 3.8, was given to motivating and encouraging the bank's staff to treat customers well. This may reveal that the managers need to encourage their staff to treat customers well. The table shows that

the lowest mean score, 3.5, was given to convenient opening hours and easy access to the bank. This reveals that the banks have to improve opening hours and make access to them easier since the working hours and lifestyle in Jordan have changed. Table (3) shows that the highest mean score, 3.8, was given to fast handling of banking transactions. This provides evidence that managers do not focus on this issue and they need to serve customers faster to stay competitive in the marketplace. The table shows that the lowest mean score, 3.5, was given to fast handling of the customers' complaints. This reveals that the managers are still less customer oriented and need to focus on solving customers problems. This result is consistent with the responsiveness dimension which revealed that the managers do not place a lot of emphasis to use customers' feedback to improve the banking services.

**Table 6. Multiple Regression Analysis. Market Criteria are Dependent Variables**

Dependent Variables	Market Share		Overall Profitability Growth		Sales Volume Growth	
	R Square	Sig. F	R Square	Sig. F	R Square	Sig. F
Multiple Regression Results	0.217	0.000	0.227	0.000	0.236	0.000
Independent Variables	Standardized Coefficients-Beta	Sig. T	Standardized Coefficients-Beta	Sig. T	Standardized Coefficients-Beta	Sig. T
Tangibles	0.035	0.696	0.071	0.422	0.063	0.476
Reliability	0.283	0.008	0.300	0.005	0.025	0.811
Responsiveness	0.046	0.672	0.234	0.030	0.339	0.002
Assurance	0.083	0.410	0.048	0.631	0.102	0.306
Empathy	0.093	0.339	0.018	0.849	0.025	0.793

Table (4) exhibits the means and standard deviations for the banks marketing performance criteria. It shows that the managers have a heavy emphasize on the financial criteria of performance assessment which are still dominant in the Jordanian banking sector. These financial performance criteria are usually used by the banks to examine their effectiveness and efficiency and to evaluate the overall financial position. These measures are of strategic significance because they are the outcome of a business programmes in relation to the resources employed in implementing them.

Table (4) shows that managers have emphasized both market and customer criteria for assessing performance at banks since those criteria have crucial implications on the banks financial performance. Further, the banks have just started to focus on non-financial performance criteria as a strategy in order to face the severe competition in the Jordanian market especially from the new competitors, and the declining rates of customers' retention and loyalty.

### **The Service Quality Dimensions and Banks' Marketing Performance**

This section is devoted to test the research hypotheses and provide discussion for the statistical findings that have emerged from the multiple and simple regression analysis.

**H1: The functional quality dimensions are positively related to banks marketing performance criteria, namely; (a) financial criteria,(b) market criteria,(c) customer criteria.**

Table (5) exhibits the multiple regression results of the functional quality dimensions on the banks' financial performance. The findings indicate that there is a positive and significant relationship between the functional quality dimensions and individual financial performance criteria. Table (5) shows that the 27.0 per cent ( $R^2$  is 0.270, F sig at

0.000) of the variation in banks ROI is explained by the functional quality dimensions. The findings indicate that reliability (beta is 0.261, sig at 0.011) and responsiveness (beta is 0.206, sig at 0.039) are the strongest predictors of variations in banks' ROI. Next in sequence (based on Beta values) are assurance, empathy and tangibility. In other words, it seems that the managers focus heavily on reliability and responsiveness of quality that contribute significantly to the banks ROI. Table (5) shows that the 24.4 per cent ( $R^2$  is 0.244, F sig at 0.000) of the variation in banks sales volume is explained by the functional quality dimensions. The findings indicate that responsiveness is the strongest predictor (beta is 0.226, sig at 0.034) of variations in banks' sales volume. Next in sequence (based on beta values) are empathy, reliability, assurance, and tangibility. Table (5) shows that the 22.8 per cent ( $R^2$  is 0.228, F sig at 0.000) of the variation in banks profitability is explained by the functional quality dimensions. The findings indicate that reliability (beta is 0.259, sig at 0.013) and assurance (beta is 0.224, sig at 0.025) are the strongest predictors of variations in banks' profitability. Next in sequence (based on beta values) are responsiveness, empathy and tangibility.

Table (6) exhibits the multiple regression results of the functional quality dimensions on the banks' market performance criteria. The findings indicate that there is a positive and significant relationship between the functional quality dimensions and individual market performance criteria. Table 6 shows that the 217 per cent ( $R^2$  is 0.217, F sig at 0.000) of the variation in banks market share is explained by the functional quality dimensions. The findings indicate that reliability is the strongest predictor (beta is 0.283, sig at 0.008) of variations in banks' market share. Next in sequence (based on beta values) are empathy, assurance, responsiveness and tangibility.

**Table 7. Multiple Regression Analysis. Customer Criteria is Dependent Variable.**

Dependent Variables	Customer Satisfaction		Attracting New Customers	
	R Square	Sig. F	R Square	Sig. F
Multiple Regression Results	0.185	0.000	0.178	0.000
Independent Variables	Standardized Coefficients-Beta	Sig. T	Standardized Coefficients-Beta	Sig. T
Tangibles	0.099	0.266	0.117	0.200
Reliability	0.263	0.013	0.107	0.321
Responsiveness	0.101	0.350	0.336	0.003
Assurance	0.039	0.700	0.038	0.712
Empathy	0.048	0.625	0.066	0.511

**Table 8. Multiple Regression Analysis. Financial Criteria is Dependent Variable.**

Dependent Variables	Return on Investment		Sales Volume		Overall Profitability	
	R Square	Sig. F	R Square	Sig. F	R Square	Sig. F
Multiple Regression Results	0.307	0.000	0.258	0.000	0.229	0.000
Independent Variables	Standardized Coefficients-Beta	Sig. T	Standardized Coefficients-Beta	Sig. T	Standardized Coefficients-Beta	Sig. T
Tangibles	0.039	0.646	0.025	0.779	0.018	0.839
Reliability	0.303	0.003	0.137	0.188	0.251	0.017
Responsiveness	0.275	0.009	0.268	0.014	0.137	0.208
Assurance	0.175	0.072	0.106	0.291	0.213	0.036
Empathy	0.079	0.411	0.176	0.080	0.122	0.227
Technical Quality	0.273	0.003	0.165	0.081	0.052	0.582

**Table 9. Multiple Regression Analysis. Market Criteria are Dependent Variables.**

Dependent Variables	Market Share		Overall Profitability Growth		Sales Volume Growth	
	R Square	Sig. F	R Square	Sig. F	R Square	Sig. F
Multiple Regression Results	0.222	0.000	0.227	0.000	0.243	0.000
Independent Variables	Standardized Coefficients-Beta	Sig. T	Standardized Coefficients-Beta	Sig. T	Standardized Coefficients-Beta	Sig. T
Tangibles	0.018	0.845	0.068	0.448	0.044	0.621
Reliability	0.299	0.006	0.297	0.006	0.042	0.688
Responsiveness	0.072	0.514	0.230	0.038	0.367	0.001
Assurance	0.104	0.313	0.045	0.661	0.124	0.221
Empathy	0.127	0.216	0.024	0.816	0.061	0.544
Technical Quality	0.103	0.283	0.016	0.865	0.112	0.240

Table (6) shows that the 22.7 per cent ( $R^2$  is 0.227, F sig at 0.000) of the variation in banks profitability growth is explained by the functional quality dimensions. The findings indicate that reliability (beta is 0.300, sig at 0.005) and responsiveness (beta is 0.234, sig at 0.030) are

the strongest predictors of variations in banks' profitability growth. Next in sequence (based on beta values) are tangibility, assurance and empathy. Table (6) shows that the 23.6 per cent ( $R^2$  is 0.236, F sig at 0.000) of the variation in banks sales volume growth is

explained by the functional quality dimensions. The findings indicate that responsiveness is the strongest predictor (beta is 0.339, sig at 0.002) of variations in banks' sales volume growth. Next in sequence (based on beta values) are assurance, tangibility, empathy and

reliability. The findings indicate that responsiveness and reliability are also the strongest predictors of variations in banks market performance. Again, the managers focus heavily on these two dimensions of functional quality that contribute significantly to the banks market performance.

**Table 10. Multiple Regression Analysis. Customer Criteria is Dependent Variable.**

Dependent Variables	Customer Satisfaction		Attracting New Customers	
	R Square	Sig. F	R Square	Sig. F
Multiple Regression Results	0.185	0.000	0.179	0.000
Independent Variables	Standardized Coefficients-Beta	Sig. T	Standardized Coefficients-Beta	Sig. T
Tangibles	0.103	0.257	0.127	0.173
Reliability	0.260	0.016	0.098	0.369
Responsiveness	0.095	0.391	0.321	0.005
Assurance	0.034	0.738	0.050	0.638
Empathy	0.040	0.694	0.084	0.423
Technical Quality	0.023	0.815	0.058	0.560

**Table 11. Multiple Regression Analysis, Functional and Technical Quality with Banks Marketing Performance Criteria.**

Independent Variables	Functional Quality Dimensions Only		Both Functional and Technical Quality Dimensions		R Square Direction
	R Square	Sig. F	R Square	Sig. F	
Multiple Regression Results					
<b>Dependent Variables</b>					
Return on Investment	0.270	0.000	0.307	0.000	*Significantly Increased
Sales Volume	0.244	0.000	0.258	0.000	Very Slightly Increased
Overall Profitability	0.228	0.000	0.229	0.000	Very Slightly Increased
Market Share	0.217	0.000	0.222	0.000	Very Slightly Increased
Overall Profitability Growth	0.227	0.000	0.227	0.000	No Change
Sales Volume Growth	0.236	0.000	0.243	0.000	Very Slightly Increased
Customer Satisfaction	0.185	0.000	0.185	0.000	No Change
Attracting New Customers	0.178	0.000	0.179	0.000	Very Slightly Increased

\* See table 8: Standardized Beta Coefficient and Sig. T test.

Table (7) exhibits the multiple regression results of the functional quality dimensions on the banks' customer based performance criteria. The findings indicate that there is a positive and significant relationship between the functional quality dimensions and individual customer based performance criteria. Table (7) shows that the 18.5 per cent ( $R^2$  is 0.18.5, F sig at 0.000) of the variation in banks customer satisfaction is explained by the functional quality dimensions. The findings indicate that reliability is the strongest predictor (beta is 0.263, sig at 0.013) of variations in banks' customer satisfaction. Next in sequence (based on beta values) are responsiveness,

tangibility, empathy and assurance. Table (7) shows that the 17.8 per cent of ( $R^2$  is 0.178, F sig at 0.000) the variation in banks' ability to attracting new customers is explained by the functional quality dimensions. The findings indicate that responsiveness is the strongest predictor (beta is 0.336, sig at 0.003) of variations in banks' ability to attracting new customers. Next in sequence (based on beta values) are tangibility, reliability, empathy and assurance. The findings indicate that responsiveness and reliability are the strongest predictors of variations in banks customer based performance. In other words, it seems that the managers'

focus heavily on responsiveness and reliability dimensions that contribute significantly to the banks customer based performance. Consequently, the results provide support for H1. Supporting this hypothesis provides significant support for the service quality literature (Parasurman et al., 1988; Anderson et al., 1994;

Zeithaml, 1996; Rapert and Wren, 1998; Robinson, 1999; Zeithaml, 2000; McDougall and Levesque, 2000; Lasser et al., 2000; Lee et al., 2000; Newman, 2001; Cronin, 2003) that advocated that service quality is positively related to marketing performance.

**Table 12. Simple Regression Analysis Results: Technical Quality and Bank Marketing Performance Criteria.**

Independent Variable	Technical Quality Dimension		Functional Quality Dimensions	
	R Square	Sig. T	R Square	Sig. F
<b>Dependent Variables: Bank Marketing Performance Criteria</b>				
Return on Investment	0.040	0.008	0.307	0.000
Sales Volume	0.062	0.001	0.258	0.000
Overall Profitability	0.080	0.000	0.229	0.000
Market Share	0.061	0.001	0.222	0.000
Overall Profitability Growth	0.091	0.000	0.227	0.000
Sales Volume Growth	0.068	0.001	0.243	0.000
Customer Satisfaction	0.090	0.000	0.185	0.000
Attracting New Customers	0.074	0.000	0.179	0.000

**H2: The functional and technical quality dimensions have a greater effect than the functional quality dimensions on banks marketing performance criteria, namely; (a) financial criteria, (b) market criteria, (c) customer criteria.**

In order to test hypothesis H2 a number of multiple regression analyses models were run in which the technical quality dimension was added to the regression models alongside the functional quality dimensions. Tables (8, 9, and 10) show the multiple regression analysis results. Table (8, 9, and 10) show that the technical quality has a positive and significant relationship (beta is 0.273, sig at 0.003) with banks ROI which is the only significant relationship among all marketing performance criteria. In general, the multiple regression analysis results indicate that the contribution of technical quality to the banks performance is little compared with the functional quality dimensions. This is not surprising because the functional quality precedes technical quality and if the former is done well then the later would have a little impact on customers' perception. Table (11) shows the results of R squares of the functional and technical quality dimensions and compares them with the results of R squares of the functional quality dimensions only. The values of R squares indicate that the effect of functional and technical quality dimensions is slightly greater than the effect of functional quality on the banks marketing performance. This is evidenced by comparing the values of R squares (with

and without technical quality in the regression models) where there is a very slight increase in the values of R squares when the technical quality is added to the regression models and equations. Therefore, H2 hypothesis is partially supported. Although this hypothesis is partially supported the results tend to show some empirical support for the stream of research that has argued that the technical quality aspect must be part of the service quality since it has some effect on business performance (Gronroos, 1984; Ennew and Binks, 1996; Kang and James, 2004). The empirical findings and literature indicate that technical quality should be one of the main aspects of service quality since it is positively related with performance. These results provide empirical support for the Gronroos's model of service quality who advocated that it should include functional and technical dimensions.

**H3: The functional quality dimensions have greater effect than the technical quality dimension on banks marketing performance criteria, namely; (a) financial criteria, (b) market criteria, (c) customer criteria.**

Multiple and simple regression analysis are used to test hypothesis H3. Table (11) shows the results of R squares of multiple regression analysis using the five dimensions of functional quality, acting as independent variables, on banks marketing performance criteria, acting as dependent variables. Table (11) shows also the results of R squares of multiple regression analysis using

the five dimensions of functional quality and technical quality, acting as independent variables, on banks marketing performance criteria, acting as dependent variables. Comparing the values of R squares without and with the technical quality dimension in regression models, the findings indicate that the functional quality dimensions exert a stronger influence on banks marketing performance than the technical quality. The findings indicate that (based on values of R squares shown in table (11) the great majority of variations in banks marketing performance were explained by the functional quality dimensions rather than the technical quality dimension. These findings are also supported by the simple regression results shown in table (12). The simple regression findings (based on R square values shown in table (12) indicate that the contribution of technical quality to banks marketing performance is small in comparison with the functional quality dimensions contribution. Table (12) shows the simple regression analysis results indicate that there is a positive and significant relationship between the technical quality dimension and banks marketing performance criteria. However, the effect of technical quality on banks marketing performance criteria (except on banks ROI) becomes non-significant when it is added to the functional quality dimensions because functional quality exerts stronger influence on performance than the technical quality dimension (see table 8). Further, T-Test was also employed to test the differences between the functional and technical quality dimension. The T-test results ( $T= 4.251$ , Sig at 0.000) indicate that there are significant differences between the functional and technical dimensions that underpin the multiple and simple regression findings. In other words, it seems that the managers focus heavily on the functional quality dimensions more than technical quality in explaining variations of the banks marketing performance. This provides a strong support for the literature that advocates that the functional quality of services is more important than the technical quality and the former has a greater effect on the banks marketing performance. This is reasonable because the functional quality focuses on the interactions that take place between the service provider and the customer and on the way in which a banking service is delivered. In addition, the functional quality may differentiate a bank from another and may add substantial value to customers and then create the necessary competitive edge. Meanwhile, the technical

quality is very similar in the marketplace, and it is difficult to differentiate between the banks. These results provide strong support for H3. Supporting this hypothesis provides empirical support for the service quality literature which advocates that functional quality has a greater influence than technical quality on business performance (Gronroos, 1984, Parasuraman et al., 1988; Lewis, 1993; Ennew and Binks, 1996; Chang and Chen, 1998; Rapert and Wren, 1998; McDougall and Levesque, 2000; Lasser et al., 2000; Kang and James, 2004).

## RESEARCH RESULTS

Based on the research data analysis and statistical findings, the research results can be summarized as follow:

1. The service quality dimensions-functional and technical-have a positive and significant effect on banks marketing performance.
2. The strongest predictors of both functional (tangibility, reliability, responsiveness, assurance and empathy), and technical quality dimensions on banks marketing performance are reliability and responsiveness.
3. There is a positive and significant relationship between the five dimensions of functional quality and banks marketing performance assessed by financial criteria. The strongest effect of the functional quality dimensions is on banks ROI.
4. There is a positive and significant relationship between the five dimensions of functional quality and banks marketing performance assessed by market criteria. The strongest effect of the functional quality dimensions is on banks sales volume growth.
5. There is a positive and significant relationship between the five dimensions of functional quality and banks marketing performance assessed by customer criteria. The strongest effect of the functional quality dimensions is on banks customers' satisfaction.
6. There is a positive and significant relationship between the five dimensions of functional quality and technical quality, and banks marketing performance assessed by financial criteria. The strongest effect of the functional and technical quality dimensions is still on banks ROI.
7. There is a positive and significant relationship between the five dimensions of functional quality

and technical quality banks marketing performance assessed by market criteria. The strongest effect of the functional and technical quality dimensions is still on banks sales volume growth.

8. There is a positive and significant relationship between the five dimensions of functional quality and technical quality banks marketing performance assessed by customer criteria. The strongest effect of the functional and technical quality dimensions is still on banks customer satisfaction.
9. The effect of five dimensions of functional quality and technical quality dimension on banks marketing performance is slightly greater than the effect of five dimensions of functional quality on banks performance assessed by financial, market and customer criteria.
10. The five dimensions of functional quality exerted a stronger effect than the technical quality dimension on banks marketing performance assessed by financial, market and customer criteria.
11. The technical quality dimension has slightly (based on R squares values) affected banks marketing performance; however this effect becomes non-significant when the technical quality dimension is added to the five dimensions of functional quality. This is because the five dimensions of functional quality exert a stronger effect on banks marketing performance.
12. The effect of service quality dimensions-functional and technical- on banks financial performance is greater than their effect on banks market and customer criteria.

## 7. RESULTS DISCUSSION

The regression analyses demonstrate that there is evidence to suggest that the functional and technical quality dimensions are contributing positively and significantly to the banks' marketing performance. Hypotheses H1 and H3 are clearly substantiated by the results of this research, while hypothesis H2 is partially substantiated. Generally speaking, there is a strong relationship between the service quality of banks and their marketing performance. The results indicate that the reliability and responsiveness of the service quality contribute to the banks performance, although their relative influences and importance vary according to individual performance criteria. The results indicate that the most

significant predictors of service quality on all the marketing performance criteria used in the research (financial, market and customer) are responsiveness and reliability. Although all the other dimensions, namely; tangibles, assurance, empathy and technical quality are non-significant predictors, but their relationships with all marketing performance criteria are still positive. Furthermore, there is evidence to suggest that there is a positive and significant relationship between technical quality and banks return on investment (see table 8). The simple regression analysis findings (see table 12) indicate that there is a positive and significant relationship between the technical quality dimension and banks marketing performance; however when technical quality is added to the functional quality dimensions in the multiple regression models the findings indicate that the technical quality dimension becomes non-significant (except a significant and positive effect on banks ROI only). However, these results are very supportive to the theory and empirical research of service quality which both found that the contribution of technical quality to performance is small. This result demonstrates that fact that the technical quality dimension holds strategic influence on banks marketing performance and should be part of the banks service quality strategy. The results indicate that the service quality should include two dimensions which are functional and technical quality since they have affected banks' marketing performance. The findings revealed that there is a strong empirical evidence to suggest that the functional quality contributes to banks performance more than the technical quality on all marketing performance measures. This is consistent with and supportive to the theory and empirical evidence of service quality literature that argue that the functional quality is more important than the technical quality in contributing to business performance. Phrase it differently; if the banks manage the interactions with customers and the process in which the banking service is delivered then the customers receive excellent service levels which in result enable them to achieve a superior financial, market and customer performance results and the technical quality tends to be of little importance to customers. The findings also indicate that the effect of both functional and technical aspects of service quality on the banks financial performance indicators is stronger than their effect on the banks market and customer performance indicators. This is evidenced when the R square values for the financial performance indicators that are return on investment ( $R^2$  is 0.307, F sig at 0.000), sales volume ( $R^2$  is

0.258, F sig at 0.000) and overall profitability ( $R^2$  is 0.229, F sig at 0.000) are higher than the R square values for the market performance indicators that are market share ( $R^2$  is 0.222, F sig at 0.000), overall profitability growth ( $R^2$  is 0.227, F sig at 0.000) and sales volume growth ( $R^2$  is 0.243, F sig at 0.000). Other evidence is found when the R square values for the financial performance indicators are higher than the R square values for the market performance indicators; that are customer satisfaction ( $R^2$  is 0.219, F sig at 0.000) and attracting new customers ( $R^2$  is 0.179, F sig at 0.000). These findings indicate two important facts; first, the managers view the banking service quality as a strategic weapon to achieve their long term financial performance objectives. Second, the managers seem to have ignored or neglected the crucial importance of service quality on the market and customer performance indicators, which both have a potential to lead a bank to improved financial performance and achieve and sustain a competitive advantage.

#### **RECOMMENDATIONS**

Based on the research analysis and findings, the research recommendations are:

1. Banks managers need to recognize that service quality dimensions-functional and technical-are strategic drivers of performance and they affect banks operations on the long term.
2. Banks managers need to recognize that the service quality dimensions represent a holistic approach which includes functional and technical quality that can be used as major elements of competitive marketing strategy as a route to achieve and sustain competitive advantage.
3. It is highly recommended that banks managers need to focus heavily on the human element (employees) and create quality culture as the most important aspects of providing superior service quality levels that have crucial implications on banks performance. This has clearly emerged from the research findings and results which indicated that reliability and responsiveness are prominent predictors of banks marketing performance.
4. Banks managers should pay more attention to non-financial measures (e.g., customer satisfaction and loyalty...etc) as well as financial measures when examining the effect of service quality on performance, and even when evaluating performance in general. This essence of this recommendation is that managers are still greatly interested in financial measures rather than non-financial measures.
5. Banks managers need to realize that the major part of any successful service quality strategy is still focusing on the five dimensions of functional quality (service delivery process) that leads to a superior level of technical quality (service delivery outcome). The essence of this recommendation is that customer satisfaction and bank performance rely heavily on the interactive processes and activities that take place during the service quality delivery process.
6. Banks managers should concentrate on customer measures as core elements of service quality dimensions due to the fact that superior customer satisfaction and loyalty lead to superior financial performance on the long term.

#### **Contributions to Service Quality Literature**

This research is thought to have contributed to the literature of service quality in a number of ways. First, from a theoretical perspective, this research has investigated the relationship between service quality dimensions and banks marketing performance from managers' perspectives for the first time in Jordan. Second, from an empirical perspective, this is the first systematic research that investigates the relationship between the service quality dimensions and marketing performance in the banking industry in Jordan from managers' perspectives. A major contribution to come out of this research is that the service quality dimensions (functional and technical) are generalisable and are applicable to the banking industry in Jordan as a general skeleton for the banking services. This is thought to have made a major contribution to the services marketing management literature through providing significant empirical evidence that one of its fundamental models, service quality model, is generalisable and is applicable to one of developing countries business environments; the banking industry in Jordan. However, the banks may make slight modifications on the functional and technical quality dimensions but their core may not be changed significantly. Third, from a methodological standpoint, this research has employed different measures of banks marketing performance especially market and customer based measures which have not been extensively used in research projects in the banking industry in Jordan.

### Limitations and Future research

From an academic stance, this research has its limitations. This research has been carried out in the banking industry in Jordan, which implies that the generalisability of the research results are limited to this industry and cannot be applied to other markets. Although the generalisability of this research is limited to the banking industry, this research is consistent with and supportive for the literature of services marketing which strongly recommended conducting research projects in single service industries (Appiah-Adu, 1999; Akroush, 2006) in order to develop a distinctive body of marketing literature for single service industries. Future research can address service quality in other service industries in Jordan and other countries (e.g., insurance, telecommunications) to conduct comparative studies concerning the service quality dimensions and their relationships with marketing performance.

Banks' marketing performance was assessed by using management self-report assessments (subjective assessment), which has been proved to be consistent and equivalent to those of quantitative assessment (objective

assessment). Managers may exaggerate their banks' marketing performance which would lead to some bias in their assessment. A fruitful area of research is to conduct research in several service industries to reveal if the objective measures of performance are equivalent to those of subjective measures in assessing performance. Another area of research is to carry out empirical research to examine the relationship between customer measures (e.g., customer satisfaction and loyalty) and financial measures (e.g., ROI and profitability) of performance and examine if the former measures lead to improved financial performance. Furthermore, much of the service quality literature and empirical evidence in this research have investigated the direct relationship between the service quality and marketing performance. Researchers (e.g., Zeithaml, 2000; Ting, 2004) argue that the relationship between service quality and performance is neither direct nor simple. A fruitful area of research in future research endeavours is to examine moderating or contingent variables that may moderate or mediate the relationship between the service quality and marketing performance.

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