CHAPTER VI

CONCLUSION

6.1 INTRODUCTION

This chapter presents the summary of the findings and implications of the study. The first section includes the summary of the findings and implications encompassing theoretical implications and practical implications. The second section is limitations. The final section of this chapter provides suggestions for future research.

6.2 SUMMARY OF THE FINDINGS

This study theoretically develops and empirically tests a structural equation model of "Service quality" that attempts to identify how service quality (Expected- Perceived) influences customer behavior (customer satisfaction) in the Libyan windows Islamic banking. In addition, the study also examines the impact of customer awareness on customer satisfaction. The proposed theoretical model presented in Figure 4-1:1) sheds light on the direct effects of expected service quality, perceived service quality and customer awareness on customer awareness, 2) indirect effects of expected service quality on customer satisfaction through perceived service quality, and 3) the moderating effects of demographic variables on the relationship between perceived service quality and customer awareness and customer satisfaction.

Prior to the actual study, a pretest was done to make sure that the proposed constructs and the items that were proposed to measure those variables were valid and reliable. The measurement scales of constructs were refined based on the findings of the pretest. The findings of the pretest also suggest that the service quality (Expected-Perceived) construct had five-dimensions for each one.

This study specially focuses on measuring customer satisfaction in windows Islamic banking service. This focus is selected in order to address the impacts of service quality (Expected - Perceived) and customer awareness on customer satisfaction.

This relationship is captured by asking respondents to complete the survey based on their level of satisfaction and awareness about some services and products which are offered by Islamic windows. The result is derived from a final usable sample of 366 customers. Results indicate that the majority of respondents' characteristics are as follows- males (61.2%), aged between 26 to 40 years old (44.8%), with a high diploma or bachelor degree (45.6%) academic qualifications. The majority of the respondents are government employees (60.4%) with 63.7% of respondents having an income of more than 801 L.D .58.7% of respondents are married. In addition, the results related to the normality test for the sample indicate that the absolute values of skewness were -2.52 and kurtosis 8.69, These values were less than their respective cut-offs of 3 for skewness and 10 for kurtosis, as suggested by Kline (2005), implying that the observed variables in sample one were approximately normally distributed.

Moreover, the second-order confirmatory factor analysis model for expected service quality results use using the factor loading values associated with the five first-order factors indicate that Responsiveness (Beta = 0.733) was the strongest indicator of the second-order factor (ESQ), followed by Reliability (Beta = 0.698), Assurance (Beta = 0.633), Tangibility (Beta = 0.64), and Empathy (Beta = 0.603). Also, the second-order confirmatory factor analysis Model for perceived service quality results lacked the convergent validity, as two first-order constructs exhibited low loadings. Some relationships may be hidden among the constructs for the PSQ of consumers.

Based on this outcome, the researcher proposes a third order of the PSQ model, in which Tangibility and Assurance reflect the quality of PSQ, whereas Reliability, Responsiveness, and Empathy reflect the basic quality of PSQ. Subsequently, a third-order CFA model was conducted to ascertain such a hypothesis. The results show that all factor loadings have now exceeded 0.5, suggesting good convergent validity. The constructs, Tangibility and Assurance, were low in loading, but had exceeded 0.5, with values of 0.86 and 0.737, respectively.

Furthermore, all constructs were reliable, with the composite reliability values greater than 0.6, except for the PSQ. This low reliability in PSQ was expected, as only two indicators (sub-dimensions) were involved. Thus, overall, this third-order model performed better and demonstrated adequate convergent validity. The uni-dimension PSQ does not need discriminant validity, as this model does not have other constructs. In addition, the results for the gap between the PSQ of customers and their ESQ imply that significant differences exist between the ESQ and PSQ for all dimensions involved. Examining the gap column, Empathy was the aspect that had the largest gap, with a mean value of 2.1803, implying that the performance in terms of Empathy requires more effort to narrow the gap.

The study also demonstrates the existence of two more main aspects that require improvement, Reliability and Responsiveness, with mean gaps of 2.0605 and 2.0327, respectively. In terms of Tangibility, the gap is relatively narrower, with a value of 0.6977; meanwhile, Assurance, with a gap of 0.473, suggests that some improvement is required for these aspects. More effort is needed for Reliability, Responsiveness, and Empathy.

Finally, the study has found that there is an indirect relationship between expected service quality and customer satisfaction mediated by perceived service quality. Also there is a positive and significant relationship between customers' satisfaction and customer awareness. Other findings suggest on the positive and significant relationship between customer satisfaction and constructs of perceived service quality represented by (Tangibility, Responsiveness, Assurance, Empathy and Reliability) dimensions.

The analyses conducted in this research answers the questions raised. The summary of the findings are reported in Table 6.1

Table 6.1: The summary of the findings

Research objective	Research question	Results
To study the awareness of Libyan customers of Islamic banking products and services in the Islamic windows in commercial banks	What is the level of awareness of Libyan customers of Islamic banking products and services provided by Islamic windows in commercial banks?	Descriptive Analysis

To examine the dimensions of the expected quality of customer service in the Islamic windows in commercial banks	What are the dimensions of the expected quality of customer service in the Islamic windows in commercial banks?	All the dimensions have significant effect at 0.01
To explore the dimensions of the perceived quality of customer service in the Islamic windows in commercial banks	What are the dimensions of the perceived quality of customer service in the Islamic windows in commercial banks?	All the dimensions have significant effect at 0.01
To study the difference between expected quality and perceived quality by the customers in the Islamic windows in commercial banks	Do any differences exist between the expected quality and the perceived quality by the customers in the Islamic windows in commercial banks?	there are a difference exists between the ESQ and PSQ of the customers
To investigate the relationship between perceived service quality and customer satisfaction, moderated by demographic variables such as gender and marital status, in the Islamic windows in commercial banks	What are the relationships between perceived service quality and customer satisfaction, moderated by demographic variables such as gender and marital status in the Islamic windows in commercial banks?	A significant positive relationship exists between the PSQ and SAT.
To investigate the relationship between customer awareness and customer satisfaction, moderated by demographic variables such as gender and marital status in the Islamic windows in commercial	What are the relationships between customer awareness and customer satisfaction, moderated by demographic variables such as gender and marital status in the Islamic	A significant positive relationship exists between AWARE and SAT.

banks	windows in commercial banks?	
To study the relationship between expected service quality and customer satisfaction mediated by perceived service quality in the Islamic windows in commercial banks	What is the relationship between expected service quality and customer satisfaction mediated by perceived service quality in the Islamic windows in commercial banks?	A full mediation effect of the PSQ exists on the relationship between the ESQ and SAT.

6.3 IMPLICATIONS

In this section, we provide both the theoretical and managerial implications.

6.3.1 Theoretical Implications

Both Customer satisfaction (SAT) and service quality are highly important in marketing because of their ability to influence the post-purchase behavior of customers. Both of them have been extensively investigated by a number of researchers; however, studies examining the two concepts together have only been conducted recently (Ruyter et al., 1997; Spreng & Mackoy, 1996; Taylor & Cronin, 1994; Gotlieb et al., 1994). Thus, the current study provides the following theoretical implications:

The first theoretical implication focuses on the sub-dimensions of service quality (Expected-Perceived) identified for this study. The study identifies 10 sub-dimensions pertaining to the two service quality primary variables (Expected - Perceived) in the Libyan Islamic banking market. These 10 sub-dimensions are highly important for customers to be able to evaluate their (Expected - Perceived) service quality; five service quality dimensions are utilized for each one (Tangibility, Reliability, Responsiveness, Assurance, and Empathy) in the Libyan Islamic banking market.

In particular, this study identifies the comparative importance of the two primary variables in the service evaluations of customers in the Libyan Islamic banking market. For the ESQ and among the five noted primary dimensions, Responsiveness is the most important indicator in measuring the ESQ of customers, followed by Reliability, Assurance, Tangibility, and Empathy. For the PSQ and among the five noted primary dimensions, Responsiveness was the strongest indicator of the second-order factor, followed by Reliability, Empathy, Assurance, and Tangibility.

The second theoretical implication involves the relationships between the four important marketing constructs. To investigate the complex relationships between important service marketing constructs, this study examines the relationships between service quality (Expected - Perceived) and SAT. Meanwhile, this study examines the relationships between AWARE and SAT in the Libyan Islamic banking market.

The findings indicate that PSQ is an important determinant of SAT in Libyan Islamic banking market. Furthermore, ESQ and AWARE are important determinants of SAT in the Libyan Islamic banking market. In particular, the results confirm that an indirect relationship exists between the ESQ and SAT. In the same context, a full mediation effect of the perceived service quality exists in the relationship between ESQ and SAT.

The investigations of these relationships between the four important service marketing constructs in this study may provide additional valuable insights for future research on these constructs in the Libyan banking market and other industries.

6.3.2 Practical Implications

In today's worldwide competition in the Islamic banking market, Islamic banking service providers must retain their customers through superior service performance. This study provides a multidimensional framework that enables banking service providers to identify and assess the dimensions underlying service quality for customers (Expected-Perceived) in the Libyan Islamic banking market. From a managerial perspective, the multidimensional framework developed for this study provides an improved understanding of how customers assess the service quality (Expected-Perceived) of Islamic banking service providers in the Libyan Islamic banking market.

Managers in the banking industry can use the dimensions of service quality (Expected - Perceived) identified in this study as a background for formulating their management strategies in the Libyan Islamic banking market. For instance, given the importance of perceived service and expected service to customers, launching a regular training program that will enable employees to enhance their own customer service expertise would be a good strategy.

Moreover, the multidimensional framework developed for this study allows banking service providers to identify the most and the least important dimensions that underlie customers' perception of service quality (Expected - Perceived).

The results of this study indicate that customers perceive the PSQ sub-dimension variables as more important sub-dimensions of ESQ than the AWARE sub-dimension in the Libyan banking market. Therefore, managers of the banking industry should allocate more resources to improve their PSQ to meet their expectations and improve AWARE.

6.4 LIMITATIONS

The following are the major limitations of this research:

i. This study seeks to identify all the factors that impact customer satisfaction with service quality and customer awareness of Libyan banks. However, some other factors that influence customer awareness of, and satisfaction with, the service quality of Libyan banks may not have been identified in this study.

ii. The limitation relates to the sample of the study. The sample was drawn from the customers of three Libyan banks only. Despite the fact that the Libyan banking system has a large number of banks, which also eventually opens the Islamic banking windows, the sample of this study does not fully represent all of the customers in Libyan banks; customers of several other Libyan banking service providers in the Libyan banking system are not represented in this study. Moreover, the sample of the study does not fully represent Libyan banking customers in other geographic areas. The sample is extracted from customers of three Libyan banks, which have Islamic window banking services and products in five other cities (Tripoli, Benghazi, Sabha, Zawya, and Ajilat) in Libya.

iii. Since the survey was conducted on the banks that have windows Islamic in Libya and the researcher was doing his PhD in Malaysia, there were some difficulties in gaining information regarding the ideas and questions while the researcher was conducting the research. Thus, the researcher had to travel many times to collect data.

iv. Finally, the allocated time for the PhD programme was also considered as one of the limitations of the study. If the researcher had more time, he might have used other techniques such as interviews to look into the issue in more depth, and probably collected the data over more than one time to make it more reliable.

6.5 DIRECTION FOR FUTURE RESEARCH

Several directions for future research are suggested by this study.

Firstly, future researchers should identify any additional factors that significantly impact 'SAT' with service quality (perceived and expected). In addition, other studies could also further examine the aspect of awareness denoted by 'AWARE' in this study.

Secondly, future researchers may use this study as a framework and examine it, as this multidimensional approach for conceptualizing and measuring SAT based on service quality (perceived and expected). Furthermore, the awareness concept 'AWARE' used in this study could be applied to other industry settings in Libya or in other countries.

To extend the study on expected and perceived customer satisfaction on Islamic banking operation in Libya, future researchers may seek to examine the level of customer's satisfaction in the full Islamic banking operation newly introduced in Libya. This study is not able to study that aspect since full Islamic banking operation was just introduced recently in 2014 in Libya.