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PhD Field: **MARKETING**

**STUDY REGARDING PERCEIVED BANK SERVICE QUALITY
AND ITS IMPACT ON THE PERCEIVED CLIENT-BANK
RELATIONSHIP QUALITY**

-PhD Thesis Abstract-

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Keywords

Bank service quality; perceived client-bank relationship quality; bank service quality dimensions; bank service quality models; bank customer satisfaction.

Introduction

“A service *company is defined by its service quality*. If the service company's service is mediocre, the company is mediocre.” (Berry & Parasuraman, 1992, p. 5)

Motivation for choosing the subject

The present work, by its subject, is the result of the conflict situations perceived by my person during the last two years as a student, as well as during the master degree year and the year following it. Being raised in an environment where I “was allowed” to perceive only the beautiful side of the client-bank or client-bank staff relationship, I easily gave up to the dream of teaching *economics* in high school. Therefore, just two years after starting the courses within our faculty, I have already taken the decision to try to pledge for the bank sector immediately after graduating. My decision was also reinforced during a class, when Mr. Lecturer Dr. Nistor Cosmin Voicu related us an incident that he had experienced during one of his interactions with bank employees. At that time, I was thinking that, if I succeeded to work in a bank, I could become that kind of employee recommended by every person to whom I was to interact. Nevertheless, after graduating, I accept to collaborate, for one year, with the professors in the Marketing Department of the Faculty of Economics and Business Administration. What could have happened? Absolutely nothing! ... as I was having a lifetime to be at the disposal of those people who enter the bank. The following year I enjoyed each meeting to students, but at the same time, I was wondering *What would have happened if...?* And another, harder year followed this one. As an associate of the marketing department, I only had the choice to be a bank service consumer at the same time. As time was passing, I was getting more and more undecided about my plans. Deep in my soul, I was both a bank clerk, and its customer, still a client who had begun to judge any behaviour that could have been interpreted as a proof of bank's real interest in its customers' needs. I had begun to assess everything from the point of view of a marketing person who knew that a customer would not “endure” forever the false intention of his partner, namely the bank. It was during that period that I began to see the bank staff with different eyes. They had turned into some kind of “robots” who would only use the computer, who would only be concerned to achieve sales targets, rather than what I had thought to be important – the satisfaction of the person requesting their service. The bank staff's attitude was offering me the image of a stall seller in a market. This seller used to tempt his victims with “fresh products”, often weighted without the consumer's will or knowledge. This reality, unknown to me before, was raising unimaginable inner conflicts. I did not want, with the same conviction, to work in the bank sector anymore, but still wasn't able to find my peace in the chair, when I was in front of students. Until one day, when the marketing department manager told me that if I was willing to continue to develop myself as a marketer and as a professor, I could start to collaborate with Mr. Nistor, under the guidance of whom I was to specialize in teaching financial-banking services marketing.

Hence, if I were to assess what I feel now, after all those years, and especially during this period, I am sure that my decision to get the chance offered by my ex professors was wise. No other job would have offered me the opportunity to get to know better the bank service consumer, the way he or she gets to appreciate bank services as low or high in quality. I would not probably understand that, unless an obvious effort of the bank to maintain the relationship with its physical person customers, their attachment to this relation would not develop and, therefore, the bank success would due, at most, to a conjecture. And most probably, I wouldn't have either managed to understand that unless the bank makes a real effort towards maintaining the relationship with its retail customers, their commitment to the relationship could not develop, so that the bank's success would be a matter of conjuncture, at most.

The research issue and purpose

The environment where banks perform their activity is an intensively competitive one. Hence, it becomes extremely important that banks try to identify those factors that ensure the long-term success. Among these, bank service quality and client-bank relationship quality are fundamental elements influencing the consumers' behaviour. Both bank service quality and the quality of client-bank relationship have made the subject in several surveys conducted in economically developed countries, but the relationship between the two factors has drawn the attention of few researchers so far. Most often, researchers focused on the impact that either bank service quality or client-bank relationship quality has on the consumers' behaviour. Hence, they did not consider an integrated model capturing the impact that the perceived quality of bank services has on the quality of the relationship developed between the bank and its customers, and on their behaviour. Moreover, with few exceptions, bank service quality has not made the main subject of the surveys conducted in Romania, and the client-bank relationship quality is not a concept explored by Romanian researchers.

Based on the identified research issue, the main purpose of this survey is to assess the extent to which consumers' bank service quality perceptions influence their perceptions regarding their relationship to the bank, and therefore their behaviour towards the bank.

PhD thesis structure

The present work is structured in three main sections. The first section consists of four chapters describing the theoretical aspects, relevant for our subject. Therefore, in the first chapter, the reader is acquainted with the concept of service quality, in general, and with that of bank service quality, in particular. In the second chapter, we intended to describe the main service quality models, with the final purpose to highlight the contribution made to the literature by well known international researchers, and to underline the limits identified in the models which were developed for assessing the perceived quality of the financial and bank services. In the following chapter, we succeeded, as we think, to capture the essence of the client-bank relationship quality concept. For this purpose, in order to define the concept of relationship quality, we followed Robert's et al. (2003) suggestions, and analysed and defined this concept by means of the a) construct's attributes, b) relationship between the construct and other similar

concepts and c) construct's outcomes. This chapter is very important as it presents the relationship between the two key-concepts of the thesis: the perceived bank service quality and client-bank relationship quality. The fourth theoretical chapter underlines the differences between the concept of service quality and that of consumers' satisfaction, and also highlights the different types of relationship which can develop between the two concepts.

The second section of the paper consists of four chapters, as well. The first chapter presents the research methodology, summarising the steps undertaken in order to achieve the goal of the present research. The data necessary to find an answer to the research problem and thus, to achieve our goal were, equally, qualitative and quantitative. Consequently, this chapter describes the methodological aspects specific to each step from our research. The next three chapters present the research results for each of the three surveys we conducted (study 1 – qualitative survey, studies 2 and 3 – quantitative surveys).

The last section of the thesis, presents the conclusions learned from the three surveys, with emphasis on the review of the hypothesis that the third survey was based on. Further, this section highlights the contributions made by present work, the research limits as well as the future research directions.

Chapter I – Services quality. Bank service quality. Conceptual boundaries.

The service quality concept was given several meanings by different authors. Still, the definitions developed for this concept share one or more elements, which makes it difficult to notice the differences between the approaches, unless a detailed analysis of these common elements. The review of the literature allowed us to identify two different approaches followed by researchers in their attempts to define the service quality concept. On one hand, we find the advocates of the perspective according to which service quality is to be conceptualized and operationalized by means of both customers' perceptions and expectations regarding the service performance. Among them, distinguish themselves the three representatives of the North American School of Thought, Parasuraman, Zeithaml and Berry (PZB), who, based on the results of several surveys, maintain the opinion made since 1985:

“ ... service quality, as perceived by customers, can be defined as *the extent of discrepancy between customers' expectations or desires and their perceptions*”. (Zeithaml et al., 1990, p. 19)

„ ... perceived service quality is viewed as the degree and direction of discrepancy between customers' perceptions and desires.” (Zeithaml et al., 1993, p. 6)

Among the adherents of this perspective we also mention (1991), Lewis (1991), Mangold and Babakus (1991) and Asubonteng et al. (1996). According to the definitions they formulate for the service quality concept, these authors suggest the existence of a comparison standard in assessing the service quality. For example, Grönroos (1991) believes that, in evaluating the quality level, “consumers compare their expectations with service they perceive they have got” (p. 38). Similarly, Lewis (1991) uses the phrases “consumers expectations” and “perception of actual service performance” (p. 53), phrases also found in Mangold & Babakus (1991). On the other hand, the critics of this perspective, among whom Cronin and Taylor (1992, 1994), suggest the conceptualization and the measurement of the service quality similarly to the attitude, with performance-only measures. The study conducted by Cronin and Taylor in 1992 was meant to be a replica of the studies conducted by PZB in 1985 and 1988, and aimed to identify manner in which the service quality concept could be best conceptualized and measured. The results obtained made the authors to conclude that:

“Perceived service quality is best conceptualized as an attitude.” (Cronin and Taylor, 1992, p. 58)

The advocates of the perspective suggested by Cronin and Taylor (1992, 1994) assess the perceived service quality as an “overall ... construct” (Steenkamp & Hoffman, 1994, p. 96), „a general, overall appraisal” (Bitner & Hubbert, 1994, p. 75) or “the consumer's overall impression” (Bitner & Hubbert, 1994, p. 77) depending on other assessments made by customers to different service features.

The controversy regarding the role of expectations in conceptualizing and operationalizing the perceived service quality drew the attention of several researchers, many of them accusing the representatives of the North American School of Thought for the confusion between the two related, although different concepts, – service quality and customer satisfaction. Thought the clarification of the meaning of the

perceived service quality concept was a real concern of the researchers between 1990 and 2000, none of the two perspectives is currently universally accepted.

The definitions of the bank service quality concept mainly bear the same remarks. Therefore, certain authors conceptualize bank service quality in accordance with the disconfirmation of expectations paradigm, while others propose its conceptualization and measurement with performance-only measures. Moreover, in many surveys approaching this subject, the authors define the concept in general terms by describing the previous approaches in literature, or adopt a certain definition to the service quality concept and adjust it, mentioning that they consider either bank or financial services. Still, it seems that most researchers agree that the role of expectations is less important in measuring the electronic service quality, generally, and the e-banking service quality, particularly, for at least two reasons. First, the consumer is no longer a “service co-producer”, but assumes the role of the “producer”, which increases the importance of his or her experience with e-banking services. Secondly, it was found that it is difficult for customers to form expectations with regard to electronic services. In these circumstances, most researchers uphold the conceptualization and operationalization of electronic services quality only by means of the perceived performance.

These different points of view underlie our decision to discover, by qualitative research, the meaning of the bank service quality concept as it is perceived by Romanian consumers of such services.

Chapter II – Service quality models. Service quality dimensions.

In their attempts to measure the service quality, the authors started from “the implicit, if not explicit, assumption that it is a multidimensional construct” (Schneider & White, 2004, p. 30), the surveys’ results materializing themselves in service quality models. Though there are still contradictory opinions regarding the methodology of quality measurement as well as regarding the number and the nature of quality dimensions, the literature in the field allows us to notice that most authors (for example, Ennew & Waite, 2007; Karatepe et al., 2005; Loonam & O’Loughlin, 2008; Santos, 2003; Tsoukatos & Mastrojianni, 2010) consider that this methodology has developed in two different directions, each belonging to a School of Thought - The Nordic School of Thought and The North American School of Thought. The Nordic School of Thought is based on the researches and surveys of professor Christian Grönroos and approaches the perceived service quality by means of the service process and service outcome performance. The North American School of Thought has developed on the work of the three known authors in literature in the field – Parasuraman, Zeithaml and Berry, and measures the perceived service quality by means of the assessments made to five quality dimensions: safety, empathy, reliability, responsiveness, physical evidence. Both perspectives follow the disconfirmation of expectations paradigm (Santos, 2003; Tsoukatos & Mastrojianni, 2010) and consequently, the suggested models encompass both expectations and performance measures.

This chapter highlights the features identified in the main service quality models. Furthermore, we also underlined the contribution made to the literature in the field by several researchers who either adopt and adjust already known service quality models or develop new financial and bank service quality models.

2.1 Traditional bank service quality models

Following a thorough analysis of the quality attributes and dimensions of the territorial unit-banking service quality scales, we noticed that all models emphasise the human component of the service performance process. The authors’ interest in measuring the perceived quality of the interaction between the customer and the provider (“the moment of truth”) and that of the contact personnel is the result of the role that bank employees have in developing quality perceptions. The role of the contact personnel is well highlighted by Tsoukatos & Mastrojianni (2010). The two authors remark that the order of importance of the quality dimensions in the BANQUAL-R model indicate that retail customers need special attention and care from bank employees in order to trust bank services. Glaveli et al. (2006) also underlines the strategic role that human resources and their management have in developing a strategy based on quality, as well as in strengthening the relationship with customers. The authors consider that due to the lack of some physical cues when assessing bank services, customers are strongly influenced by their face to face interactions with bank personnel in developing quality perceptions. The contact personnel should make the necessary effort in order to meet customer’s needs, should respect and reflect, by their actions, the customer’s interest, in order to instil safety, and to promote the image of a credible and socially responsible institution, idea also hold by Sureshchandar et al. (2003).

2.2 Bank service quality dimensions for alternative distribution channels

Considering banks' strategy to diversify the channels they use in order to make their offer accessible, recently increasingly focusing on alternative distribution channels, the main concern is to ensure a high quality of their electronic services. Consequently, more and more well known authors in literature in the field are interested in developing models that evaluate the customers' perceptions of the "automatized" component of the service process.

The review of the literature, allowed us to conclude that most of the e-banking service quality models have been developed for the Internet Banking service. Researchers' interest in this channel is explained by at least the following two reasons. On the one hand, Internet Banking has become "one of the most profitable e-commerce applications over the last decade" (Lee, 2009, p. 130; Yaghoubi & Bahmani, 2010, p. 159), continuously developed, so that "to integrate different banking services operations" (Liao & Wong, 2008, p. 1203). On the other hand, Internet Banking is one of the latest innovations adopted by banks (Madininos et al. 2009), and is considered by some authors the most important innovation in this sector (Catană et al., 2006), being introduced among alternative distribution channels after ATM-s, Call Centres, and e-mail (Madininos et al., 2009; Mostafa et al., 2007).

Although one may appreciate that services provided over ATMs, fixed or mobile phone were not outlined in the literature focused on e-banking service quality concept, there are models which include quality attributes specific to these distribution channels. Furthermore, other studies which are not the focus of this work (for example, those approaching the Technology Acceptance Model – TAM), approach the wider electronic banking service concept, including the alternative distribution channels.

The review of the literature indicated in this chapter led us to the conclusion that no matter the nature of services (traditional or electronic), a quality model needs to be developed. The model to be developed has to ascertain as closely as possible the characteristics of the services being analysed (for example, bank services, hotel services, medical services, etc.), as well as the cultural context of the market where it is to be used, due to the fact that certain quality dimensions may be relevant in a certain country, while others may not influence the consumers' quality perceptions.

Chapter III – Client-bank relationship

The importance of the relationship concept related to bank service drew the researchers' attention for at least three reasons. First, the competitive environment, in which banks operate, makes the competitive elements (such as price) on which some of the banks still rely to be inefficient in the absence of a strategy for long-term customer retention. Secondly, the nature of client-bank interactions has changed over time, given the adoption of electronic distribution channels. In this context, it is essential for banks to consider new factors that can influence either positively or negatively their customers' decision to continue the relationship. Finally yet importantly, the consumers are increasingly "sophisticated". So, it becomes imperative for banks to make efforts to get to know their clients as well as possible, in order to ensure their long-term success.

In this chapter, we aimed to offer the necessary theoretical support for a better understanding of the relationship concept, as well as to describe the factors underlying the appreciation of the client-bank relationship as high in quality. Furthermore, we discussed the benefits gained by banks as a result of a high-quality relationship with their customers.

Despite the different meanings associated with the relationship quality concept over years, the corresponding definitions which have been formulated can be classified in abstract definitions and definitions leading to a better understanding of this concept. The first category comprises the definitions proposed by authors such as Thorsten and Klee (1997), Wong and Sohal (2002) and De Wulf et al. (2001). According to this conceptualization, relationship quality is an "overall assessment of the strength of a relationship" (De Wulf et al., 2001, p. 36; Palmatier et al., 2006, p. 28) and „the degree of appropriateness of a relationship to fulfill the needs of the customer associated with that relationship" (Thorsten & Klee, 1997, p. 751), „his or her expectations, predictions, goals and desires" (Jarvelin and Lehtinen, 1996 cited in Ndubisi et al., 2011, p. 234). Relationship quality is therefore „the overall impression that a customer has concerning the whole relationship including different transactions" (Wong and Sohal, 2002, p. 36). Still, such definitions are incomplete, from the point of view of Roberts et al. (2003), given the fact that they do not provide a close understanding of the concept. The authors propose instead the analysis and definition of the relationship quality concept by means of the a) construct's attributes, b) construct's relation with other similar concepts c) construct's outcomes.

The first category summarizes those definitions related to the ingredients of the relationship quality construct. From this perspective, Thorsten et al. (2002) define relationship quality as a „metaconstruct composed of several key components reflecting the overall nature of relationships between companies and consumers" (p. 234). In the same context, Palmatier et al. (2006) defines relationship quality as a "composite or multidimensional construct capturing the different but related facets of an relationship" (p. 28).

The second category assesses the relationship quality in relation to service quality (Roberts et al., 2003). In this respect, Crosby et al. (1990) regard service quality as essential, both in individual and in continuous transactions, mentioning that this is "a necessary, but not sufficient condition for relationship

quality” (p. 68). Other researchers, such as Al-Hawari (2011), Auraskeviciene et al. (2010) or Hazra and Srivastava (2009) assess the relationship between the service quality and different dimensions of the “relationship quality” construct, the results claiming, in most cases, that there is a significant link.

In regard to the effects of the relationship quality construct, we point out that the studies conducted by several researchers established the existence of a positive impact of the relationship quality on the intended behaviour (Roberts et al., 2003). From this perspective, „RQ is defined as a measure of the extent to which consumers want to maintain relationships with their service providers” (Roberts et al., 2003, p. 191). Indeed, Roberts et al. (2003) emphasise in their research the need to invest in the quality of the relationship, as this would lead to an increase in customers’ loyalty (the intention to continue the relationship, to recommend the provider etc.). Other authors (for example, Caceres & Paparoidamis, 2007; Khan et al., 2010; Liang & Wang, 2007) assess the impact of the relationship quality dimensions on certain intended behaviours, such as positive word of mouth, relationship continuance or new services demand. The results of these studies strengthen the statements made by Ndubisi and Chan (2005) according to whom a relationship between the two partners which is regarded as high in quality may lead to an increase in customers’ loyalty towards a company, by identifying and properly fulfilling their needs.

Chapter IV – Service quality and customer satisfaction relationship

This chapter is structured in two main sections. In the first one, we intended to draw the attention on the main differences between the two concepts: service quality and customers' satisfaction. Without emphasising the manner in which customers' satisfaction has been conceptualized over time, we underlined the main aspects that led to the confusion between the two terms. In the next subchapter, we punctuated both the causal relationship and the nature of the relationship between service quality and customers' satisfaction, and also underlined the most frequent perspective in the studies approaching the two concepts in financial and banking context.

4.1 Service quality versus Customer satisfaction

Although there seems to be a consensus related to the aspects that differentiate the two concepts, there are still different opinions and many authors mention the necessity to conduct new researches with the purpose to accurately establish the main differences between service quality and customer satisfaction.

A first difference identified in the literature refers to the degree of experience with the service which is necessary in order to make quality and satisfaction assessments. In their attempt to define the quality concept, Parasuraman et al. (1988) suggest that “perceived quality is the consumer's judgment about an entity's overall excellence or superiority” (p. 15). Satisfaction, on the other hand, has been defined as „the consumer's fulfilment response. It is a judgment that a product/service feature, or the product or service itself, provided (or is providing) a pleasurable level of consumption-related fulfilment, including levels of under – or over fulfilment” (Oliver, 2010, p. 8). Comparing the two definitions, one may notice that service quality refers to the assessment or judgement of the service itself, while satisfaction is the judgement of the manner in which a service emotionally affects the customer. This difference suggests that, in order to establish the level of satisfaction, one needs to have experience with the service, while experience may be absent in the assessment of service quality (Oliver, 2010).

Quality and satisfaction assessment stability is another difference mentioned in services marketing literature, and is considered a consequence of the emotional component that influences the level of satisfaction. Referring to “excellence or superiority of an entity”, service quality may be considered a cognitive judgement, while the satisfaction is related to a cognitive judgement as well as to an affective, emotional response (Oliver, 2010; Rust & Oliver, 1994). Therefore, several researchers (for example, Cronin & Taylor, 1992; Lewis, 1991), consider service quality similar to attitude and suggest that it could be “associated with such properties as stability and durability” (Thorsten & Klee, 1997, p. 743), while satisfaction assessments are transient, ephemeral and unstable (Snoj & Mumel, 2002).

The time horizon, the third difference, originates in the idea that “perceived service quality is a global judgment, or attitude, relating to the superiority of the service, whereas satisfaction is related to a specific transaction” (Parasuraman et al., 1988, p. 16). In other words, a consumer may refer to a certain interaction/experience with a bank adviser and expresses his or her level of satisfaction, but in order to

assess the service quality of that bank, the consumer will take into consideration his entire experience with that particular bank adviser, with other bank employees and with the bank itself.

The fourth difference is the most mentioned in the literature in the field and refers to quality and satisfaction measurement. We refer here to the role of expectations in service quality and satisfaction assessments. The review of the definitions formulated for the two concepts (perceived service quality and customer satisfaction), have led us conclude that each of the two concepts has been defined with reference to the comparison made by a customer between his or her expectations and what he or she perceives that is offered. Actually, the conceptualization and measurement of the perceived service quality as a difference between expectations and perceived performance, as Grönroos (1984) and Parasuraman et al. (1985, 1988) underline, originates, according to other researchers, in the disconfirmation of expectations paradigm (for example, Cronin & Taylor, 1992; Schneider & White, 2004), first introduced in the literature related to the customer satisfaction concept.

This strong resemblance between service quality and customer satisfaction conceptualizations have led to the confusion between the two terms and sometimes even to their interchangeably use (Cronin & Taylor, 1992; Schneider & White, 2004).

4.2 Nature of relationship between the perceived service quality and customer satisfaction

The nature of the relationship between the two concepts has been approached from two perspectives in the literature in the field. First, researchers aimed to establishing if there is or not a causal relationship between the two variables, and in case of a positive answer, they further tried to identify the “causal factor” and the “effect factor”. Secondly, they were interested in establishing the relationship type: non-linear relationship and linear relationship.

With reference to the causal relationship between the two concepts, the literature suggests four possible scenarios:

a) Perceived service quality and the customer satisfaction are one and the same construct. Gummesson (1987), Spreng and Singh (1993) and Thorsten and Klee (1997), believe that from this perspective, there is no significant theoretical difference between the two concepts.

b) Perceived service quality and the customer satisfaction represent two distinct concepts with no relationship. This perspective originates in the idea that a person may express his or her opinion regarding the quality of a service even in the absence of a direct experience with that particular service. Put it differently, quality perceptions may be the result of the service company marketing efforts or the result of the reference groups’ (family, friends) influence. On the other hand, satisfaction is related to a direct experience with the service, and is the result of both a cognitive and affective judgement.

c) Customer satisfaction is an antecedent of perceived service quality. This scenario identified in the literature assumes that service quality is a higher-order construct.

d) Perceived service quality is an antecedent of customer satisfaction. This scenario assumes that customer satisfaction may be an overall assessment which takes into consideration customers’ entire

experience with the service company, and that service quality, similarly to satisfaction may be determined in relation to a specific transaction.

The relationship between services quality and customers' satisfaction has been highlighted by many well known authors in the bank service literature (for example, Kahn, 2010; Karatepe et al., 2005), who underline either the relationship between the dimensions of service quality and cumulative satisfaction, or the relationship between the overall perceived service quality and cumulative satisfaction. This concern is determined either by the positive, or by the negative effects that both the services quality and customer satisfaction may produce at an organizational level. Hence, the relationship between the two concepts is extremely important both for managers and for researchers.

Traditionally, the relationship between the perceived service quality (measured at the attribute, dimension or at a global level, and either for classic or for electronic services) and customer satisfaction has been conceptualized as a linear and symmetrical relationship (Mittal et al., 1998). In other words, the authors who adopt this approach consider satisfaction as a linear function of several quality attributes or dimensions (Zhao & Dholakia, 2009).

This approach to the relationship between the two variables predominates in studies conducted in the banking context, no matter whether classic or electronic services are considered. More specifically, in order to establish the impact of different quality dimensions, or that of the overall perceived quality on the customers' satisfaction, researchers apply either the simple or multiple linear regression, and draw conclusions regarding the effort which needs to be made in order to improve service quality, so that it can result in a certain effect on customer's satisfaction.

Chapter V – Research Philosophy (Paradigm) and Methodology

This chapter is structured in two main sections. The first one presents the two main research paradigms (positivism and phenomenology), in view of justifying our work framing in the positivist paradigm. In the second section, we describe the research methodology, by illustrating the aspects taken into account during the research process.

5.1 Research philosophy (Paradigm)

„A paradigm is a worldview—a way of thinking about and making sense of the complexities of the real World” (Patton, 2002, p. 69), “constitutes a guide” (Corbetta, 2003, p. 10) which directs the research.

From the perspective of the two philosophies (positivism and phenomenology), we assess this work fits the positivist paradigm for the following reasons: the main purpose of our research is to determine the impact that customers’ perceptions of bank service quality have on the perceived quality of client-bank relationship. The data necessary to answer the research problem were equally qualitative and quantitative. Still, in most phases of the research, the knowledge process followed the deductive analysis, associated to the positivist paradigm. The qualitative data were necessary in the preliminary steps of the research and were collected both from primary sources, namely by means of in-depth interviews, as well as from secondary sources, namely by netnography. Although this process was a predominantly inductive one, in the final stage of the qualitative research, the accuracy of the conclusions was established based on the literature in the field and they served to formulate the assumptions for the following stages of the research. Such a research process is considered by Strauss & Corbin (1998) as a deductive one: “anytime that a researcher derives hypotheses from data ... we consider that to be a deductive process” (p. 22).

5.2 Research methodology

In our attempts to find an answer to the identified research problem, we first conducted *secondary research*, by reviewing the literature in the field. This step was deemed essential in order to assess the level of knowledge with regard to the services quality (bank service, in this case) concept, as well as to the concept of perceived quality of the relationship between the service provider (the bank, in this case) and its customers. Moreover, the review of the literature in the field allowed us to identify the information gaps, as well as a lack of a consensus regarding the conceptualization or operationalization of certain concepts which are of particular interest for our research.

At this stage in our research we decided to conduct three empirical studies, each of them being differently characterized, considering either the information they lead to, or the functional scope they are employed with. In order to better describe the steps followed in view of answering to the identified problem, these studies shall be further named Study 1, Study 2 and Study 3.

Study 1 was conducted with the main purpose to better understand the concept of bank service quality. Taking into account the type of information which is to be obtained as well as the functional scope of this stage, study 1 is regarded as an *exploratory qualitative research*. The data were generated through

techniques specific to qualitative research (in-depth interview and netnography), and analysed in an interpretative manner, reflecting the subjective nature of this stage in the empirical research. The conclusions drawn in this stage of the research helped to formulate the assumptions related to service quality dimensions specific to bank territorial units and alternative distribution channels, as well as to establish the meaning of the service quality concept and the causal direction of the relationship between service quality and customer satisfaction. Furthermore, the conclusions guided us in the second stage of the empirical research.

As a means to transform the “subjective reality” into “objective reality”, in the *Study 2* we collected quantitative data by means of a questionnaire developed based on the results from *Study 1*. Hence, we intended to establish, from a quantitative point of view, the service quality attributes that need to be retained in each of the two bank service quality scales. In terms of the information type and of the functional scope, this study belongs to the *instrumental quantitative researches*.

The results of the two surveys, as well as the information found in the literature, allowed us to develop an integrated conceptual model that underlines the causal relationship between the perceived quality of bank services (provided both in bank territorial units and over alternative distribution channels) and the perceived quality of the client-bank relationship.

The suggested conceptual model has been tested in *Study 3*. The data necessary to study the relationship between the concepts of interest were collected by means of a questionnaire with the help of which we measured, among others, customers’ perceptions of bank service quality, customers’ level of satisfaction and the perceived quality of the client-bank relationship. In terms of the type of information and of the functional scope, this study is an *explanatory quantitative research*, a *conclusive research*, respectively. From a temporal perspective, *the three studies* fit the category of *singular cross-sectional research designs*. Though they do not present the advantages of the repeated cross-sectional surveys or those of longitudinal surveys (for example, one cannot establish trends), singular cross-sectional surveys are frequently met in marketing research, as they provide the necessary information both for exploratory or descriptive studies, as well as for the explanatory ones (McGivern, 2009).

As one may infer, the surveys appealed for different research methods and, hence, for different data collection instruments. The final purpose was to understand the extent to which bank service quality, as perceived by retail customers, influence their quality perceptions of the relationship and consequently, their behaviour towards the bank. As a result, the unit of analysis, in each of the three studies, is the individual (the retail customer who uses bank services).

Chapter VI – Results of the qualitative research (Study 1)

The sixth chapter is structured in three subchapters, in which we intended to answer the questions formulated based on the review of the literature in the field:

- What service quality attributes/dimensions specific to bank territorial units are assessed by consumers in their judgements of bank services quality?
- What service quality attributes/dimensions specific to electronic-banking services (no matter the alternative distribution channel) are assessed by consumers in their judgements of bank services quality?
- What is the meaning of the bank service quality concept, as perceived through the lens of bank customers?
- How do bank customers consider the relationship between the perceived quality of bank services and their level of satisfaction/dissatisfaction?

In this approach, the information we collected during the quantitative stage of our research was analysed in accordance to the answers which were intended to be found out.

6.1 Bank service quality dimensions for traditional distribution channels

The codification process of the information which we had gathered through in-depth interviews resulted in ten validated quality dimensions specific to services offered by banks in territorial units.

The repetitive ideas which were combined to form a particular dimension were further used to develop the statements (items) meant to measure the perceived performance of bank service attributes. Hence, the scale developed to measure the perceived quality of bank territorial-units services consists of 42 quality items assigned to the corresponding ten quality dimensions as follows: physical evidence dimension – six items, price dimension – three items, accessibility dimension – four items, customer orientation dimension – four items, reliability dimension – five items, prompt service dimension – three items, information quality dimension – four items, responsiveness dimension – five items, knowledge dimension – four items and attitude dimension – four items. We are of the opinion that these ten quality dimensions further influence customers' perceptions with regard to the overall quality of bank territorial-units services.

6.2 Bank service quality dimensions for alternative distribution channels

The analysis of the data collected during the qualitative phase allowed us to group the identified repetitive ideas in seven quality dimensions specific to bank services available over the alternative distribution channels: accessibility dimension – six items, personalization dimension – three items, ease of use dimension – five items, functionality and responsiveness dimension – six items, customer orientation dimension – four items, price dimension – two items, security dimension – six items. We did not aim at developing service quality dimensions specific to each electronic channel a bank may use in order to make its offer available, but to identify generally valid quality dimensions. Thus, although each interviewed subject referred to the attributes of the alternative distribution channel(s) which he or she

used, the final dimensions do not reflect the quality of a particular channel, but that of the services offered over any electronic system, which does not assume a face to face contact between the customer and the bank employees. We further state that the seven e-banking service quality dimensions have an impact on customers' the overall quality perceptions of electronic services.

6.3 Defining service quality and the relationship between the perceived service quality and customer satisfaction

The review of the literature developed around the concept of service quality or bank service, gave raise to two important conclusions: a) there is no consensus regarding the manner in which service quality should be conceptualized and operationalized; b) there is no full agreement regarding the direction of the relationship between quality and satisfaction.

In order to better conceptualize the bank service concept, the interviewed subjects were asked to explain the meaning of this concept, as they perceive it. For the purpose of establishing the direction of the relationship between the perceived service quality and customer satisfaction, the interviewed subjects were asked to describe the feelings of satisfaction which they encounter after having obtained a service, as well as to specify the exact direction of the relationship, as they perceive it: perceived quality leads to satisfaction, or satisfaction feelings lead to a certain level of the perceived quality.

6.3.1 The meaning assigned to the service quality concept by the Romanian consumer of bank services

In order to decide whether both customer service performance perceptions and customer service performance expectations need to be considered when defining the service quality concept, the answers of the interviewed subjects were thoroughly analyzed. Hence we aimed to identify the terms or phrases associated to the quality concept, as well as the manner in which subjects used their own words in defining this concept, so as to be able to recognize if subjects rely on a standard in their assessment of the service quality meaning.

Two main conclusions were drawn based on the information offered by the interviewed subjects:

- when defining the bank service quality concept, customers mention both the core service offer and related specific attributes, which they value during their interactions with the bank (either by means of traditional, or alternative distribution channels);
- only one of the subjects used phrases which reflect a comparison standard that is considered when judging the quality of bank services.

According to the results from our qualitative research, we suggest the following definition of the bank service quality concept:

The perceived quality of bank services is an overall assessment or judgement, made by customers with respect of a bank's offer, based on their performance perceptions, regarding different specific service attributes.

By the use of the "overall assessment or judgement" phrase, we acknowledge service quality similitude to attitude, and follow the suggestion made by Cronin and Taylor (1992) to measure the perceived service quality accordingly. Thus, in order to establish the perceived level of quality, we use performance-only

measures of bank services. The second part of the definition – “on their performance perceptions, regarding different specific service attributes” underlines two main ideas. First, we highlight the idea that a customer develops service quality perceptions at an attribute level. Secondly, we state that the “overall assessment or judgement” is influenced by customers’ quality perceptions developed at an attribute level. Since we know that several attributes may combine to form a dimension, we conclude that customers’ perceptions of the overall service quality are influenced by their perceptions regarding each of the service quality dimensions that characterise the services under consideration.

6.3.2 The causal relation between perceived bank service quality and satisfaction, from the point of view of the Romanian consumer of bank services

The answers offered by the interviewed persons to the question related to the direction of the relationship between perceived quality and customer satisfaction affirm the most frequently stated perspective in the studies approaching these two concepts in the context of the financial-banking services: *service quality perceptions influence the level of satisfaction perceived by bank service users.*

The information we collected lead us to the decision to introduce the notion of global satisfaction with bank services. This construct is considered, a latent variable which results from customers’ feelings of satisfaction towards bank services offered in territorial units and electronic services, respectively.

Altogether, our conclusions allow us to state that our perspective meets to the fourth scenario identified in the literature that approaches the direction of the relationship between the two concepts: *the service quality is an antecedent of customer’s satisfaction.* Perceived service quality and customer satisfaction, as operationalized in this paper, reflect our view that the two concepts both concepts can be measured at a global level. Given the purpose of this research, we do not measure service quality only at a global, but also at an attribute-level, by taking into consideration those attributes which are found specific to bank services by the interview participants.

Chapter VII – Results of the quantitative research (Study 2)

As previously mentioned in the fifth chapter, the purpose of this stage is to decrease the number of bank service quality attributes, so that the new scales gather those items which are found important by the Romanian bank service customers, and which do not contain redundant information either. Since we aim to develop two distinct bank service quality scales (for traditional and for electronic services), we applied the exploratory factor analysis separately, for each of the two sets of variables.

7.1 Territorial unit-banking service quality scale

The qualitative data analysis process resulted in ten quality dimensions which are specific to bank services offered over traditional distribution channels (*Physical evidence, Price, Accessibility, Customer Orientation, Reliability, Prompt service, Information quality, Responsiveness, Knowledge and Attitude*), summarizing 42 quality items. The resulted number of variables (42) can make the data collection process laborious. Therefore, by means of exploratory factor analysis we want to reduce the number of variables to those which are found most important, without a great loss of information. The data analysis process indicated the need to eliminate 12 variables from the initial scale, which resulted in a new set of 30 quality variables specific to traditional bank services.

7.2 E-banking service quality scale

After interpreting the information collected by means of qualitative research, seven dimensions were identified, that assess the quality of bank services provided over alternative distribution channels (*Accessibility, Personalization, Ease of use, Functionality and Responsiveness, Customer orientation, Price and Security*), summarizing a number of 32 quality variables.

In order to develop an e-banking quality scale which makes both the data collection process and the data collection instrument manageable, we performed exploratory factor analysis. The results we obtained suggested the possibility to reduce the variable number to 26.

Chapter VIII – Results of the quantitative research (Study 3)

The main purpose of this chapter was to identify the extent to which overall perceived quality of bank services influence customers' perceptions regarding the quality of their relationship with the main bank.

The eighth chapter was structured in five main subchapters. Among these, the first two describe a) the sample structure underlying the analysis that are to be presented, b) the main features of the data we collected and c) the constructs which are of interest constructs for our research.

The following two subchapters are meant to test the conceptual models that we have developed, by checking the quality criteria both for the external, and for the internal model. The last section of this chapter underlines the main conclusions that can be drawn from the results returned by the analysis employed in Study 3.

The inspection of both the reflective and formative external models, allows us to state that the manner in which the constructs of interest are conceptualized is appropriate in most cases. The only noticeable difference was registered for the dimension reflecting customers' perceptions about the extent to which the e-banking services ensure customers' access to the bank offer.

According to our results, each of the variables *client-bank relationship satisfaction* (SBR), *client-bank relationship commitment* (ARB), *client-bank relationship quality* (RQ), *intention to continue the relationship to the bank* (IRB), *preference for the bank* (PB) and *word of mouth* (WOM) meets the quality criteria which are specific to reflexive latent variables. Furthermore, we stress that our results indicate that the RQ variable may be considered a second order construct with three dimensions: *client-bank relationship trust* ($\hat{I}RB$), SRB and ARB. Given the different nature of these three dimensions ($\hat{I}RB$ is a formative construct, while SRB and ARB are reflexive constructs), the sub-model represented by the RQ construct is a higher-order mixed model (Jarvis et al., 2003).

The quality criteria relative to formative latent variables suggested, in a first step of the analysis process, the need to form a higher-order construct which highlights customers' perceptions regarding their access to e-banking services. This construct is a result of customers' perceptions about the number of transactions that may be performed over electronic systems, of their perceptions that e-banking services are available "round the clock and round the world", as well as a result of customers' perceptions regarding the functionality of e-banking services.

Based on the relative and absolute importance of the formative indicators we may underline that four of the indicators measuring customers' bank service perceptions, are not statistically significant when their relative importance is considered alone. As argued, their exclusion from the model would not be justified. For example, although the UT18 variable (reduced bureaucracy) is strongly and significantly correlated with customers' perceptions regarding the prompt service dimension, it does not have a statistically significant explanatory power when considered along with other factors that influence customers'

perceptions regarding the time which is necessary to deliver bank services. Nevertheless, UT18 (reduced bureaucracy) itself represents an important issue in delivering services without delay.

Moreover, the results of the formative indicators analysis are a proof that the conclusions drawn in the qualitative stage of our research regarding the UT5 – Physical evidence dimensions are valid. Each of the six formative indicators of this dimension may be a relevant antecedent of customers' perceptions regarding the physical evidences accompanying the performance process. Therefore, we may state that our statistical results do not indicate either the need to form a higher-order construct which gathers two distinct dimensions (physical premises and visual materials), or the need to construct several distinct dimensions based on the indicators corresponding to the UT5 construct – Physical evidence.

Furthermore, our results support the conclusions drawn in study 1 with reference to the overall perceived quality and overall customer satisfaction. When assessing the quality of bank services, customers rely both on their perceptions regarding the territorial-units service quality and on their perceptions of the e-banking service quality. Similarly, satisfaction with bank services results from customers' satisfaction with both traditional and electronic services.

The internal model analysis results only partially support our assumptions. One of the quality dimensions (SE2 Personalization) does not make a significant contribution to customers' perceptions of e-banking service quality. Besides, when the relations between relationship quality dimensions are investigated, as well as when their relations with the antecedents and behavioural variables are inspected, our results do not fully meet the conclusions drawn from the literature. Nevertheless, when the higher-order construct RQ is introduced in the model, our assumptions are valid.

General contributions. Research limitations and Directions for future research.

Given its purpose and the results it has led us to, this thesis makes, in our opinion, a contribution to the knowledge in the field of interest and also helps banks' management in their attempts to better understand the bank service consumer. Without underestimating the importance of this paper, we find it necessary to underline the research limitations and treat them as a point of departure in suggesting directions for future research.

General contribution to literature

It is our opinion that the main contribution this paper makes to knowledge lies in the wider approach which we adopt by integrating in the two models we have developed concepts which are core elements either in the services marketing literature (service quality and customer satisfaction), or in the relationship marketing literature (relationship quality, relationship satisfaction, relationship trust and relationship commitment).

As highlighted in the thesis, the number of studies conducted with the purpose to investigate the relationship quality concept in the context of the relationships developed among service companies and retail customers is rather limited. It is, therefore, justified to assume that this concept was even to a lesser extent studied in the context of the banking services or along with the bank service quality concept.

Furthermore, this study makes a contribution to the knowledge in that the two service quality scales were proposed based on the results of a qualitative research. Hence, in the scale development process we considered the Romanian customer's perceptions regarding bank services and not prior results reported in studies conducted across different markets which may differ in their characteristics from ours. Still, we consider that our results may be extrapolated to other developing countries.

Managerial implications

The results reported in this paper are, in our opinion, very important for the management of the banks operating on the Romanian market.

First, we developed two bank service quality scales, through the lens of the Romanian bank service customers. Therefore, we appreciate that the two instruments may serve to measure bank customers' perceptions regarding the quality of services offered both over traditional distribution channels, and over electronic systems.

By establishing the relative importance of each quality dimension in generating customers' service quality perceptions for each of the two different types of distribution channels, the bank's management may better direct its financial resources in order to improve customers' perceptions of service quality.

Our results suggest that customers' overall quality perceptions are almost equally influenced by their perceptions regarding traditional and electronic bank service quality. Hence, for any bank which interacts

with its customers both over traditional and alternative channels, it is imperative not to neglect the quality of its services provided over either of the two distribution channels.

Any bank aims or should aim to maintain its existing customers. With this in mind, we stress that our results highlight the importance of providing high quality services. As indicated, customers' service quality perceptions have a significant impact on the perceived quality of the relationship, which further influences customers' effective or intended behaviour. In addition, our research helps the bank management understand the contribution that the perceived quality of bank services makes in developing customers' perceptions regarding each of the three relationship quality dimensions, as well as to determine the impact that these dimensions have on the behavioural variables.

Last but not least, this paper stresses once again the positive impact that perceived service quality has on customers' satisfaction when using bank services. The bank management should then make efforts in order to improve the customers' level of satisfaction with bank services, which would lead to a positive impact on the perceived quality of the relationship, and thus on customers' behaviour.

Research limitations and directions for future research

The main limitation of our research is that the data necessary to achieve the objectives set in the third study were obtained only from bank service customers who live in the first Macro region of our country (North-West Region and Central Region). *We stress, therefore, the need to conduct a similar survey among bank customers in each of the regions in our country.*

As already mentioned, the participants to the in-depth interviews were selected from the reference groups of the two interviewers. Despite the favourable opinions in the literature regarding this benefits associated to this selection method, other researchers may consider that the results are "affected" by the degree of familiarity between the two parties – the interviewer and the interviewed. *Therefore, in a future research, we intend to select subjects that do not belong to the interviewer's reference groups.*

The third limitation lies in that the items developed in order to measure the perceived quality of the relationship were extracted from the results communicated in other studies that approach this concept. *In this respect, we state that it is important to develop a client-bank relationship quality measurement scale through the lens of the Romanian customer of bank services.*

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