

The Impact of Service Quality and Communication in Developing Customer Loyalty: The Mediating Effect of Customer Satisfaction

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© 2019 جامعة العلوم والتكنولوجيا، اليمن. يمكن إعادة استخدام المادة المنشورة حسب رخصة مؤسسة المشاع الإبداعي شريطة الاستشهاد بالمؤلف والمجلة.

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Abstract:

Satisfaction with the services of banks is just a launching point in constructing long-term relations with customers. Customer loyalty is one of the main determinants of the achievement of the marketing partnership. However, how customer satisfaction can be transferred to loyalty is the key problem. The aim of this study is to examine the influence of service quality and communication on loyalty through customer satisfaction. The scope of this study concentrated on Yemeni's banking industry. Quantitative data was collected from 233 customers. Convenience sampling employed to determine the research respondents. The analysis was based on 160 usable questionnaires. Several data analysis techniques were conducted, such as frequencies, correlation and regression to examine the nature and the significance of the relationship between the variables. The findings revealed acceptable levels of agreement with satisfaction and loyalty factors. The results suggested that higher perception of service quality and communication led to stronger perceptions of customer satisfaction and loyalty. The results also showed that satisfaction is an essential mediator to promote loyalty to bank customers through developing effective communication and excellent service quality. Since the promotion of customer loyalty is a major concern for banks, this study is thought to contribute marginally to Yemen banks.

Keywords: banking industry, communication, customer satisfaction, loyalty, service quality.

جودة الخدمة والإتصال وأثرهما على تطوير ولاء العملاء: تأثير رضا العملاء كعامل وسيط

الملخص:

الرضا عن خدمات البنوك هو مجرد نقطة إنطلاق في بناء علاقات طويلة الأمد مع العملاء، ويعتبر ولاء هؤلاء العملاء هو أحد المحددات الرئيسية لتحقيق شراكة في التسويق، لكن الطريقة التي يمكن بها تحويل رضا العملاء إلى الولاء هي مشكلة البحث الرئيسية، لذا يهدف هذا البحث إلى دراسة تأثير جودة الخدمة والإتصال في الولاء من خلال رضا العملاء، ويتركز نطاق البحث على قطاع المصارف اليمينية، وقد تم جمع البيانات من 233 عميل، وتم الاعتماد على العينة الميسرة في تحديد المشاركين في البحث، واستند التحليل على 160 إستبانة قابلة للتحليل، وأجريت العديد من الأساليب الإحصائية الخاصة بتحليل البيانات؛ مثل التكرارات والمتوسطات والإرتباط والإنحدار لفحص طبيعة وأهمية العلاقات بين المتغيرات، وقد أظهرت النتائج مستويات مقبولة من الاتفاق حول عوامل الرضا والولاء، وتشير النتائج إلى أن الإدراك العالي لجودة الخدمة والإتصال يؤديان إلى تصورات أقوى من رضا العملاء وولائهم، كما أظهرت النتائج أيضاً أن الرضا هو وسيط أساسي لتعزيز الولاء لعملاء البنوك من خلال تطوير الإتصال الفعال وجودة الخدمة الممتازة، ولأن تحقيق وتعزيز ولاء العملاء هو مصدر قلق وتوتر لكثير من البنوك، يُعتقد أن هذا البحث سوف يسهم بشكل واقعي في هذا الشأن لدى قطاع البنوك اليمينية.

الكلمات المفتاحية: القطاع المصرفي، الإتصال، رضا العملاء، الولاء، جودة الخدمة.

1. Introduction:

With an intense competition going on, firms struggle for their market share. Over a period, companies have realized that customer retention is the key to growth and success (Kumar, 2017). With current growth rate of markets and intense competition, addressing needs of the consumers becomes an essential point for the success of businesses. Companies, which offer such services, often find it difficult for customers to evaluate services as services are intangible. Heightened competition and deregulation have led many retail firms to look for profitable ways to differentiate their services (Kumar, 2017). Even when client is satisfied during one encounter with the service supplier, it is particularly difficult for the marketers to deliver the same degree of satisfaction as services are heterogeneous in nature (Parasuraman, Zeithaml, & Berry, 1988).

Banking System has been modified over the years, and today new needs are emerging; this insistently calls for further change. Global openness, increasing the level of the demand, and the competitive environment become critical points that face banking industry, and bankers should address these points to keep the competitive advantage of their businesses (Alhakimi & Alhariry, 2014). Consumers have the power in their banking transactions and relationships. Therefore, traditional marketing approaches cannot work effectively (Skinner, 2004). In fact, bank's success or failure depends mainly on customer loyalty and delivering superior service of all financial services. Bankers must work as retailers focusing on their brands and co-branded card offers such as Visa and MasterCard (Boonajseevee, 2005).

Instead of keeping present ones, banks should focus on attracting new customers. Some bankers suffer from marketing myopia (i.e., large market and homogeneous needs); and focus more on the original product rather than adapt directly to the needs and wants of the consumer. As a result, this belief leads to loss of sight of what customers want (Banker, 2003).

Increasingly, the challenge, which today's marketers face, is how to make customers loyal for long-term profit. However, little is known how to make customers loyal (Gremier & Brown, 1996). Thus, identifying the factors important for customers to be brand loyal for the banking industry is very critical. Present study has been conducted with reference to banking industry involving 160 respondents from the city of Taiz in the Republic of Yemen.

In the twenty-first century, companies have realized that the boundaries between products, services, and customers have blurred. They also know that it is not just about designing the best product or service, but rather about making sure the integrated customer experience is compelling. Edward and Sahadev (2011) suggest that the customer loyalty can therefore contribute to the growth of business profits and eventually to profit margins, while reducing cost expenses, by spending 5 times as much to gain fresh clients as to retain current ones (Rasheed & Abadi, 2014). In such a scenario, the key to business achievement is loyalty of the customer.

This research is intended to examine the effects of service quality and communication on customer satisfaction and loyalty in the banking sector context. The focus of this research is on identifying the mediating role of customer satisfaction between the independent variables (i.e., service quality and communication) and dependent variable (i.e., customer loyalty), if any.

2.Literature Review:

Customers are becoming increasingly sophisticated because they are more familiar with financially learned information technology (Mercer, 1996). With more busy life, individuals tend to have and experience high-standard convenience in every sector of social areas, including finance industry. As a consequence, customers are progressively advanced in their demands and seek greater standard levels of service quality.

The banking industry in Yemen is on the rise. Different kinds of banks such as commercial banks and Islamic banks are founded. The commercial banks have become the biggest component and most important part of the financial institutions (Osman, Mohamad, & Mohamad, 2016). Due to the deregulation, liberalization and technology changes; the banking sector in Yemen has become more integrated, and therefore; the banking industry has become more competitive. On the other hand, the banking sector in Yemen is facing competitive, complex and dynamic environment, because the banking industry products have slight differences.

With more intense rivalry, customers tended to be more personal and complicated, and they will likely turn their banks and face more options than it was (Hung-Hsin, 2009). If certain banks do not provide even certain expectations regarding service or value, clients could merely go elsewhere. This is a true competitive banking services industry. Since banking services

are the key to obtaining competitive advantages, consumers increasingly expect “better, faster” service and guidance.

In view of the competitive setting, banks must design strategies which distinguish them from others. This can be accomplished by offering high levels of service quality. The outstanding performance of service quality activities has shown that satisfaction of the customer clearly contributes to loyalty (Caruana, 2002).

2.1 Service Quality:

For a long time, service quality was one of the major fields of studies to understand clients’ service assessment. Researchers have often confirmed the significance of identifying and evaluating the notion of service quality, as long as its theoretical and practical application is well defined (Chen, 2015). Accordingly, service quality is one of the few differentiation techniques to attract fresh clients and gain market share and competitive advantage for companies (Mohammed, Ibrahim, & Ali, 2017).

According to Parasuraman, Zeithaml, and Berry (1985), quality of service is defined as the degree to which the normative service expectations of clients differ from the perceptions of service performance. SERVQUAL, a well-known scale created by Parasuraman et al. (1985; 1988) and Parasuraman, Zeithaml, and Berry (1994), is the most common tool used to evaluate the quality of service. SERVQUAL contains 5 service dimensions i.e. tangible, reliability, responsiveness, assurance, and empathy.

However, in terms of theoretical and operational elements, the SERVQUAL model has been subject to direct criticism. Despite its criticism, the SERVQUAL model has continued to be a common model for evaluating service quality used in multiple industries and service sectors (Emari, Iranzadeh, & Bakhshayesh, 2011), including the banking sector (e.g., Devkota & Dahal, 2016; Kheng, Mahamad, & Ramayah, 2010; Mohammed et al., 2017; Osman et al., 2016). In previous research, the effect of service quality on a number of factors, such as customer satisfaction, buying intention and loyalty was investigated (Cronin, Brady, & Hult, 2000; Wallace, Giese, & Johnson, 2004).

2.2 Communication:

Communication means formal and informal data exchange, and it involves the sharing between purchasers and vendors of relevant, timely data (Sin et al., 2005). According to Ball, Coelho, and Machas (2004, p. 1277), communication can be “personalized letters, direct mail, website interactions, other machine-mediated interactions, and e-mail, or in-person communication with service personnel before, during, and after service transactions”. Anderson and Narus (1990) indicated that communication has emerged as an interactive dialogue between the company and its customers, during the pre-selling, selling, consuming and post-consuming stages. The description of communication also includes the communication between the client and the service supplier.

In relationship marketing, communication performs a significant role by “keeping in touch with valued customers; providing timely and trustworthy information on service and service changes and communicating proactively if a delivery problem occurs” (Ndubisi, 2006, p.100). Ndubisi and Wah (2005) identify the communicator’s role as to form awareness, improve user preference, persuade involved consumers, and inspire them to generate the procurement decision. Effective communication results in a better relationship which in turn creates loyal customers (Ndubisi, 2006).

Appropriate communication of service providers could be effective, positive, valuable and beneficial. This communication can therefore not only generate customer satisfaction, but can also impact providers positively (Jain, Bhakar, & Bhakar, 2014). A study by Lee, Hsu, and Huang (2008) stated that, in addition to the connection between communication content and financial relations, communication directives, modality and content have been demonstrated to have a beneficial and substantial impact on financial and social satisfaction. Thus, in the context of a business to consumer (B2C) relationship, appropriate communication can improve the overall service satisfaction, customer loyalty and customer confidence in the service provider (Ball et al., 2004).

2.3 Customer Satisfaction:

Customer satisfaction could be defined as the overall attitude that individuals have towards product or service after they possess and utilize it (Osman et al., 2016). Arokiasamy (2013) identified that one of the most important decisions influencing organisations is customer satisfaction, which is the

philosophy of the client-oriented and the motivation for modern enterprise to do continuous improvement. The marketing concept suggests that when the buyers are satisfied, their behaviour and intention of repurchase would be aroused. This shows that “maintaining customer satisfaction is the most important long-term objectives of firms” (Lin, Osman, & Wang, 2018, p.135). According to Haumann, Quaiser, Wieseke, and Rese (2014), serving new customers costs more than keeping the current buyers. This means that the business will benefit more from repeated purchases.

In general, customer satisfaction resulted from meeting customers’ expectations. It is referred to as “delight customers delivering a service or product that goes far beyond customers’ expectations” (MacNealy, 1994). It represents valuable asset to service companies (Engel, Blackwell, & Miniard, 1995).

The customers always look for better value, convenience or quality service; therefore, if their needs are met or exceeded, they will keep the relationship with the service provider (Hung-Hsin, 2009). This will result in reducing switching behaviors, increasing profitability, and better business performance (McIlroy & Barnett, 2000; Palihawadana & Barnes, 2004).

Many researches show that quality of service has a direct impact on customer satisfaction (Akbar & Parvez, 2009; Sureshchandar, Rajendran, & Anantharaman, 2003). Latest studies have shown confirmed the same impact in terms of service quality and client satisfaction in the banking industry (Mango, Muceldili, & Erdil, 2017; Osman et al., 2016).

In the banking industry, the perception of service quality is an actually important component of the client’s knowledge and practice. As a consequence, most banks regularly evaluate their quality of service to improve the satisfaction of the customer (Bamfo, Dogbe, & Osei-Wusu, 2018). As stated by Swar and Sahoo (2012), when companies can offer services which fulfil customers’ expectations, clients are satisfied. Therefore, service quality contributes to a better satisfaction.

Today, customer satisfaction is also one of the factors that makes banking industry work smoothly (Devkota & Dahal, 2016). Banks therefore use sophisticated tools and methods to meet their customers’ requirements such as e-banking and ATM.

2.4 Customer Loyalty:

Loyalty is generally described as the intention of a customer to exclusively deal with a certain good or service over a long term (Mohammed et al., 2017). Qiu, Ye, Bai, & Wang (2015) described loyalty of customer as the ratio of complete client's sales from the product brand concerned.

Kotler and Keller (2006) have set the pattern of customer loyalty by elaborating the major indicators of loyalty: Repeat purchase – denotes that customer displays preference to the purchase of a particular service; retention – signifies sticking to the brand and resistance to change despite negative influence or awareness of the product or service; and referrals – implies recommending and providing reference to others for the purchase of specific products and services. With this background, loyalty of the customer was viewed as “a deeply held commitment” to recurrent buying or endorsing a favored product or service regularly in the forthcoming, notwithstanding the favorable circumstances such as situational impacts and marketing attempts take the full possibilities to influence client decision, leading to behavior switching (Oliver, 1997).

Several studies have found that factors such as switching, recommendations and repurchase intentions are used to measure loyalty (Anderson & Sullivan, 1993). Furthermore, the customer loyalty advantages to service providers are significant (i.e., the price of attracting and persuading new purchasers, and the appealing of word of mouth) (Xu, Goedegebuure, & Heijden, 2007). Also, Izogo (2017) has stated that a positive client relationship is crucial for the creation of a loyal client.

Hung-Hsin (2009) pointed out that loyal clienteles may aid service companies to develop their service quality through communicating of the firm in a helpful way, and the appealing of word of mouth. Therefore, the customers' loyalty are caused by the value received in a business deal or transaction, and also by client's overall estimation of their performance (Heskett, Jones, Loveman, Sasser, & Schlesinger, 1994; Johnson & Fornell, 1991). Fraering and Minor (2013) indicated that it is primarily required to understand customer satisfaction to better understand customer loyalty. In their study, the authors focuses on the relation between customer loyalty and satisfaction. They stated that the reviews for customer satisfaction and loyalty have demonstrated that satisfaction, position in the market, reliability of the service and effectiveness all lead to influence client loyalty and readiness to charge extra for services

and afford defects in such services (Chochořáková, Gabčová, Belás, & Sipko, 2015). Baumann, Elliott, & Burton (2012) explored the customers' loyalty in the banking sector context based on overall satisfaction and emotional attitudes. In the researchers' opinion, two variables – bank emotion and economic benefit – seem to be a shield that cannot be broken to the customer relationship, and the bank must defend itself from rivalry.

2.5 Customer Satisfaction and Customer Loyalty:

Satisfaction of the customer has often been proposed as the leading loyalty determinant (Lam & Burton, 2006). Several authors concentrated on the significance of client behaviour, particularly with reference to the customer satisfaction structure and the link between satisfaction and loyalty (Pullman & Gross 2004; Ramanathan & Ramanathan 2010). For example, in the context of the service sector the survey of Olorunniwo, Hsu, and Udo (2006) stated that in the accommodation industry client satisfaction and loyalty are considerably strong. Ehigie (2006) also proposed that there is an important positive interaction between client satisfaction and client loyalty/retention. Hence, in Ehigie's study, client satisfaction acts as a mediator between quality of service and client loyalty. A study by Ampadu, Aboagye, Ampadu, & Ampadu (2015) found a significant impact of client satisfaction in the telecommunications industry on client loyalty.

Research findings in different sectors showed that there is an important positive link between client satisfaction and client loyalty (Hadi, Aslam, & Gulzar, 2019). Several studies have found an important correlation between satisfaction and several aspects of loyalty such as consumer support, retention, and purchase intention (Fornell, Johnson, Anderson, Cha, & Bryant, 1996; Hallowell, 1996; Hennig-Thurau, Gwinner, & Gremler, 2002; Oliver, 1997).

Overall, satisfaction was observed to be a powerful customer loyalty predictor; and previous studies found an important positive link between customer satisfaction and loyalty, and customer satisfaction is commonly recognized as a customer loyalty indicator in the context of the banking sector (e.g., Bamfo et al., 2018; Chochořáková et al., 2015; Devkota & Dahal, 2016; Yew & Rahman, 2019).

2.6 The Research Model and Hypotheses Development:

The research model for this study is shown in Figure 1. The model proposes service quality, communication and satisfaction as the predictors for loyalty,

while the mediator between the independent variables (i.e., service quality and communication) and dependent variable (i.e., loyalty) is customer satisfaction.

The research model for this study was based on the previous models and critical review of the literature in question (e.g., Alqasa, Isa, & Othman, 2013; Devkota & Dahal., 2016; Hadi et al., 2019; Hung-Hsin, 2009; Jain et al., 2014; Kumar, 2017; Parasuraman et al., 1994; Yew & Rahman, 2019). This study seeks to fill the gap by investigating the impact of service quality dimensions (i.e., tangible, reliability, responsiveness, assurance, empathy) and communication on customer satisfaction and loyalty. The findings of the present study provide the foundation for the future bank studies of Yemen.

Independent Variables

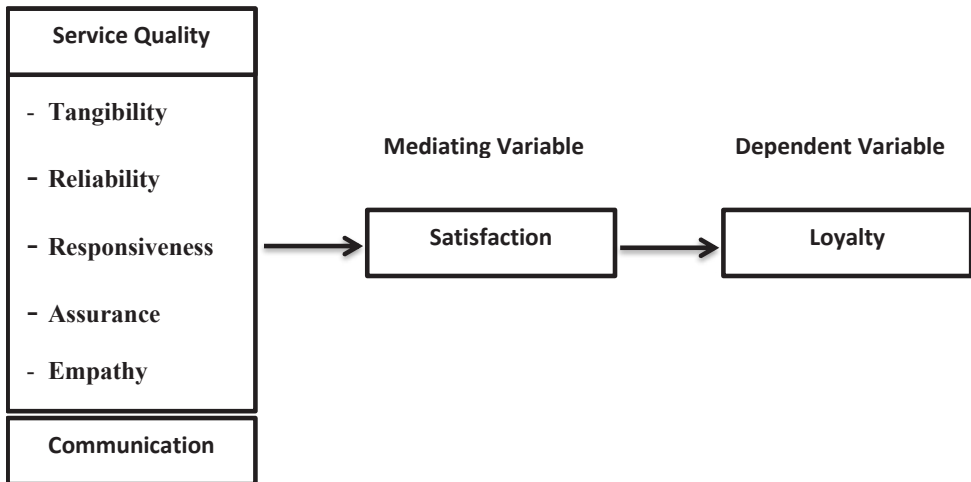


Figure 1: The Research Model

Most of the researchers have reported that service quality has positive and direct impact on customer loyalty. For example, earlier studies in the banking sector by Mohammed et al. (2017), Osman et al. (2016), Devkota and Dahal (2016) and Kheng et al. (2010) concluded that quality of the service influences client loyalty.

Moreover, previous studies such as Mango et al. (2017), Devkota and Dahal (2016), Osman et al. (2016) and Moraga, Barra, Parraga, and Farías (2013) proved that service quality significantly influences customer satisfaction in the

banking industry, and the same impact was discovered in the service industry on customer satisfaction (Chochořáková et al., 2015; Kumar, 2017; Hadi et al., 2019; Yew & Rahman, 2019).

On the other hand, excellent communication can not only generate customer satisfaction, but can also impact the supplier positively (Jain et al., 2014). Thus, Jain et al. (2014) and Ball et al. (2004) concluded that communication plays a key role and has a positive linking on customer satisfaction and loyalty.

Satisfaction was also found to be a strong predictor of customer loyalty; and Earlier studies found an important positive link between customer satisfaction and loyalty; and customer satisfaction is commonly recognized as a customer loyalty indicator in the context of the banking sector (Bamfo et al., 2018; Devkota & Dahal, 2016; Chochořáková et al., 2015; Yew & Rahman, 2019).

Based on the discussion above, various prior studies examined the role of mediator in satisfaction. In contrast, few studies were carried out on customer satisfaction as a mediator between quality of service and communication on loyalty. At this time, there is insufficient information involving the consumer satisfaction towards banking loyalty in the less-developed countries. Identifying how to create and maintain a long-term customer relationship with banking industry has rarely been investigated in the less-developed countries.

According to Lin et al. (2018) when the buyers are satisfied, this will “arouse their behavior and intention of repurchase” which shows “that maintaining customer satisfaction is the most important long-term objectives of firms” (p.135). In fact, customers should treat their financial service providers as life-long partners. Bowen and Chen (2001) concluded that loyalty improves bank performance. In addition, loyal customers can also increase sales volume by making purchases more frequently (Heskett et al., 1994).

In Yemen, many people are still cautious about money deposits (Alqasa et al., 2013). Consequently, banks are facing more challenges than before. The current study highlights and examines the factors determining relationship quality perceptions of Yemeni banks and their customers. Particularly, the aim of this study is to examine the influence of service quality and communication on customer loyalty through customer satisfaction. Based on the preceding discussion, the purpose of this study is to accomplish the following objectives:

1. Determining the levels of both service quality components (i.e., tangible, reliability, responsiveness, assurance, and empathy) and communication

variable perceived by Yemenis' customers for banking industry. As well as, the levels of satisfaction and loyalty perceived by Yemenis' customers for banking industry.

2. Further understanding of the impact of both service quality and communication variables on customer satisfaction and loyalty.
3. Proposing and testing an integrated model of the influences between the independent variables (i.e., service quality and communication) and the dependent variable (i.e., customer loyalty) through the mediating variable (i.e., customer satisfaction).

Accordingly, the following hypotheses were suggested:

H1: Service quality and communication have positive influences on customer loyalty in the context of the banking industry.

H2: Customer satisfaction has a positive influence on customer loyalty in the context of the banking industry.

H3: Customer satisfaction mediates the relationship between the independent variables (i.e., service quality and communication) and the dependent variable (i.e., customer loyalty) in the context of the banking industry.

3. Research Methodology:

In this study, the hypothesised connections within the suggested research model are tested by 4 variables: service quality, communication, customer satisfaction and customer loyalty. This study seeks to investigate the nature and the importance of the relationships across service quality, communication, satisfaction, and loyalty in the Yemen banking sector context. Particularly, this study aims to examine the influence of independent variables (i.e., service quality and communication) on dependent variable (i.e., customer loyalty) through the mediating effect of customer satisfaction.

For all measurements of the study scale, Cronbach's alpha values ranged from 0.76 to 0.91. Hereby, according to Sekaran and Bougie (2010), for inner consistency, these values were regarded acceptable and reliable because they were above the limit value 0.70.

To make the questionnaire more effective, items and scales of the questionnaire were modified by using several sources from current literature. SERVQUAL scale was adapted from Parasuraman et al. (1988), communication was adapted from Ndubisi (2006), customer satisfaction was adapted from Hung-Hsin (2009), and loyalty was adapted from Boonajseevee (2005); and the scaling adopted in this study was the 5-point Likert scale: (1-strongly disagree; 2-disagree; 3-neutral; 4-agree; and 5-strongly agree).

The study focused on customers of various local banks within the past five years. This was to ensure that the banking sector was comparatively new to customers, so that they could evaluate their services more accurately.

For data gathering purposes, the study was restricted to customers of local banks in Taiz city, Yemen. Convenience sampling method was used to gather data from (378) bank customers using a self-administered technique (Sekaran, 2003). According to Sekaran (2003), convenience sampling is the appropriate method for ease and quickness in surveying the sample. There was a total of 233 responses obtained at the end of data gathering phase. According to Johnson and Owens (2003, pp.129130-), "in most instances, a response rate of less than 20% is too low, and a response rate at least 60% get accepted for publication, while 80% is a de facto standard". On the other hand, Saldivar (2012, p. 9) stated that "neither the literature on survey research nor major research associations nor scholarly journals have produced a universally agreed-upon figure to describe an ideal or even a minimally acceptable survey response rate". Thus, after employing a widely used technique and investigation for ignored data and outliers the analysis was based on 160 usable questionnaires.

Several data analysis techniques were conducted using SPSS, such as frequencies and correlation coefficient to define the nature and the significant of the correlation between the variables. Traditionally, the simple regression approach has been used to analyze the mediation and moderation in a stepwise approach. However, the process regression method allows us to conduct both mediation and moderation into one single analysis (Hadi et al., 2019). Therefore, simple and multiple regression are the techniques utilized in the study to test the hypotheses by following Baron and Kenny's (1986) recommendations and explore the mediating impact of customer satisfaction between variables.

4.Results and Discussion:

4.1.Reliability and Validity Test:

To enhance the measurement's validation, two necessary tests were conducted: firstly, (KMO) Kaiser Meyer Olkin and Bartlett's examination of Sphericity; secondly, the examination of Cronbach's alpha. A high Kaiser Meyer Olkin percentage (almost to unity) is preferred and must be more than 0.70 (Leech, Barrett, & Morgan, 2014). Besides, Bartlett's examination of Sphericity should be significant (more than 0.05) (Leech et al., 2014). Table

1 indicates that the Kaiser Meyer Olkin for the questionnaire elements got a percentage of 0.912 and the Bartlett’s examination of Sphericity indications to be significant with percentage less than 0.000.

Table 1: KMO and Bartlett’s Test

Kaiser-Meyer-Olkin	Measure of Sampling Adequacy	.912
Bartlett’s Test of Sphericity	Approx. Chi-Square	5187.626
	Df	990
	Sig.	.000

According to Peterson (1994) the considered value of coefficient rate between 0.5 and 0.6 was also satisfactory. Table 2 reports the examination Cronbach’s alpha coefficients for all measurements ranged from 0.76 to 0.91, indicating that the questionnaire and the variables were a reliable instrument for measuring customer loyalty.

Table 2: Cronbach’s Alpha for Variables

Variables	Number of Statements	Cronbach’s Alpha
Tangible	4	0.84
Reliability	5	0.80
Responsiveness	4	0.82
Assurance	4	0.83
Empathy	4	0.76
Communication	4	0.85
Satisfaction	4	0.91
Loyalty	5	0.90

4.2.Descriptive Analysis:

It includes the means and standard deviations of the independent variables (i.e., service quality and communication); as well as the dependent variable (i.e., customer loyalty) and the mediating variable (i.e., customer satisfaction). The 5-point Likert scale was utilized for measuring all the variables. The interpretation of a likert scale is shown in Table 3.

Table 3: The Interpretation of the Likert Scale Result

Score	Indication
1 to 2.32	Low level
2.33 to 3.65	Moderate level
3.66 to 5	High level

4.2.1. Tangibility:

Table 4 presents the mean scores of tangible variable. Most of the items showed a medium level with the banking tangible variable. Only one item showed a high level with (3.70), related to the staff' appearance (nice and good-looking).

Table 4: The Mean Scores of the Tangible Variable

Items	N	Minimum	Maximum	Mean	Std. Deviation
The equipment of my bank is modern.	160	1.00	5.00	3.5625	1.13097
The physical facilities of my bank attract me visually.	160	1.00	5.00	3.2688	1.16943
My banking staff are nice and look good-looking.	160	1.00	5.00	3.7000	1.10914
The appearance of my bank's physical services matches other types of financial services companies.	160	1.00	5.00	3.4688	1.15427

4.2.2. Reliability:

The mean scores levels for reliability variable shown in Table 5. All items ranged between medium and high levels. The highest level of mean scores was in keeping the accurate records (4.00), and the dependability on the bank (3.90). Other items show a medium level of mean scores.

Table 5: The Mean Scores of the Reliability Variable

Items	N	Minimum	Maximum	Mean	Std. Deviation
If my bank is committed to doing something for a while, it does so.	160	1.00	5.00	3.2187	1.27221
My bank is compassionate/reassuring when I have difficulties.	160	1.00	5.00	3.2562	1.25516
My bank is dependable.	160	1.00	5.00	3.9063	1.01434

Table 5: The Mean Scores of the Reliability Variable

Items	N	Minimum	Maximum	Mean	Std. Deviation
At the moment of my bank promises, it offers its services.	160	1.00	5.00	3.4875	1.21307
My bank has a record of accuracy.	160	1.00	5.00	4.0000	1.10459

4.2.3. Responsiveness:

As for the responsiveness variable (see Table 6), a medium level of mean scores were resulted. It ranged from 3.19 to 3.56, which indicates that, there is a medium level of agreement with the banking responsiveness.

Table 6: The Mean Scores of the Responsiveness Variable

Items	N	Minimum	Maximum	Mean	Std. Deviation
My bank tells clients precisely when services are provided.	160	1.00	5.00	3.4313	1.12503
I get timely service from bank staff.	160	1.00	5.00	3.3750	1.17495
Staff at the bank are always ready to assist clients.	160	1.00	5.00	3.5625	1.11979
Bank staff are not busy answering customer requests promptly.	160	1.00	5.00	3.1938	1.10742

4.2.4. Assurance:

The mean scores levels for assurance variable shown in Table 7. It ranged between medium and high levels. The highest level of mean scores was in politeness of the staff (3.77), and feeling secure with bank staff in operations was 3.65. Other items show a medium level of mean scores.

Table 7: The Mean Scores of the Assurance Variable

Items	N	Minimum	Maximum	Mean	Std. Deviation
I have confidence in bank staff.	160	1.00	5.00	3.5313	1.14333
I feel secure with bank staff in my operations.	160	1.00	5.00	3.6563	1.10486
Staff at the bank are polite.	160	1.00	5.00	3.7750	1.08129
The staff of the bank receive sufficient assistance for their work.	160	1.00	5.00	3.2625	1.13541

4.2.5. Empathy:

Moreover, all items for the empathy variable (see Table 8) show a medium level of mean scores. It ranged from 3.08 to 3.41, indicating that there is a medium level of agreement with the banking empathy.

Table 8: The Mean Scores of the Empathy Variable

Items	N	Minimum	Maximum	Mean	Std. Deviation
Staff at the bank offer me private attention.	160	1.00	5.00	3.1875	1.15572
Staff at the bank understand what I need.	160	1.00	5.00	3.2063	1.15523
My bank is concerned about my best interests.	160	1.00	5.00	3.0813	1.22332
My bank is convenient to all customers for working hours.	160	1.00	5.00	3.4187	1.15727

4.2.6. Communication:

Table 9 presents the mean scores of communication variable. The results showed a medium level of communication. The mean scores ranged from 3.08 to 3.60, indicating that there is a medium level of agreement with the banking communication.

Table 9: The Mean Scores of the Communication Variable

Items	N	Minimum	Maximum	Mean	Std. Deviation
The bank provides timely and trustworthy information.	160	1.00	5.00	3.6063	1.07045
Past communications from my bank have been frequent.	160	1.00	5.00	3.0875	1.25587
Previous forms of my bank communication were trustworthy and excellent quality.	160	1.00	5.00	3.3438	1.21855
The bank offers information when fresh banking services are available.	160	1.00	5.00	3.6062	1.19799

4.2.7. Satisfaction:

As for the satisfaction variable in Table 10, most of the items showed a medium level with the banking satisfaction variable. Only one item showed a high level with (3.68), related to overall satisfaction with customer dealing.

Table 10: The Mean Scores of the Satisfaction Variable

Items	N	Minimum	Maximum	Mean	Std. Deviation
In general, I'm satisfied with the bank which I deal with.	160	1.00	5.00	3.6813	1.19418
The bank which I deal with puts my interest first.	160	1.00	5.00	3.2562	1.15604
It is a pleasure to have dealing with this bank.	160	1.00	5.00	3.5688	1.11379
The bank that I deal with keeps promises they made to me.	160	1.00	5.00	3.5500	1.09199

4.2.8. Loyalty:

Table 11 presents the mean scores of loyalty variable. The mean scores ranged between medium and high levels. The table shows a high level of mean scores in telling other people good things about the bank (3.75), as well as, recommending the bank to someone who seeking the advice (3.73). Others items show a medium level of mean scores.

Table 11: The Mean Scores of the Loyalty Variable

Items	N	Minimum	Maximum	Mean	Std. Deviation
I tell other individuals' good things about my bank.	160	1.00	5.00	3.7500	1.05210
I advise somebody who wants my advice on my bank.	160	1.00	5.00	3.7250	1.04581
I promote friends and family to deal with my bank.	160	1.00	5.00	3.6125	1.11020
when I buying financial services, I regard my bank as a first option.	160	1.00	5.00	3.4500	1.04490
In the coming months, I intend to do more work with my bank.	160	1.00	5.00	3.2687	1.08577

4.2.9. The Overall Variables:

Overall, the average mean scores of the eighth variables indicated that there is a medium level of agreement with the banking service quality, communication, satisfaction and loyalty. Customers gave a better evaluation to reliability, loyalty, assurance and satisfaction variables, while they provided a lower evaluation to empathy, responsiveness, communication and tangibility.

The average mean scores of the eighth variables are presented in Table 12.

Table 12: The Mean Scores of the Variables

Items	N	Minimum	Maximum	Mean	Std. Deviation
Tangibility	160	1.00	5.00	3.5000	.94003
Reliability	160	1.00	5.00	3.5738	.94106
Responsiveness	160	1.00	5.00	3.3906	.90495
Assurance	160	1.00	5.00	3.5562	.92014
Empathy	160	1.00	5.00	3.2234	.89046
Communication	160	1.00	5.00	3.4109	.99066
Satisfaction	160	1.00	5.00	3.5141	1.01531
Loyalty	160	1.00	5.00	3.5613	.90241

4.3. Correlation Matrix:

The relation was demonstrated through correlation coefficients, which describe the relationship between the variables. For correlation coefficients, the variety of possible values is -1.0 to 1.0. Values less than zero illustrate a negative link between variables and values greater than zero illustrate a positive link. A correlation of zero suggests no relationship and correlations of 1.0 and -1.0 suggest ideal relationship. Besides, a significance level of 0.05 was set to test if there are any statistically significant differences between variables with each other.

Hair, Anderson, Tatham, & Black (1998) have recommended the thumb rule used for interpreting the inter-correlation testing R-value as shown in Table 13.

Table 13: Interpreting the R-value for inter correlations

Relationship	R-value Relationship
Very strong relationship	Above 0.70
Strong relationship	0.50- 0.69
Moderate relationship	0.30- 0.49
Low relationship	0.10- 0.29
Very low relationship	0.01- 0.09

Table 14 shows the correlation coefficients' matrix across the variables. All variables were statistically significant and positively correlated with loyalty and each other (range of $r = .434$ to $r = .765$, $P\text{-value} < .01$). Thus, loyalty was showed to be statistically significant and positively correlated to satisfaction ($r = .765$, $P\text{-value} < .01$), communication ($r = .602$, $P\text{-value} < .01$), service quality ($r = .614$, $P\text{-value} < .01$), assurance ($r = .598$, $P\text{-value} < .01$), empathy ($r = .574$, $P\text{-value} < .01$), reliability ($r = .502$, $P\text{-value} < .01$), responsiveness ($r = .475$, $P\text{-value} < .01$) and tangibility ($r = .434$, $P\text{-value} < .01$).

Table 14: Correlation Coefficients Matrix for the Variables

Variables		Loyalty	Satisfaction	Communication	Service Quality	Tangibility	Reliability	Responsiveness	Assurance	Empathy
Loyalty	Correlation	1	.765**	.602**	.614**	.434**	.502**	.475**	.598**	.574**
	Sig.		.000	.000	.000	.000	.000	.000	.000	.000
Satisfaction	Correlation		1	.648**	.712**	.440**	.621**	.661**	.722**	.552**
	Sig.			.000	.000	.000	.000	.000	.000	.000
Communication	Correlation			1	.645**	.437**	.524**	.569**	.637**	.548**
	Sig.				.000	.000	.000	.000	.000	.000
Service Quality	Correlation				1	.781**	.890**	.864**	.889**	.879**
	Sig.					.000	.000	.000	.000	.000
Tangible	Correlation					1	.686**	.530**	.598**	.453**
	Sig.						.000	.000	.000	.000
Reliability	Correlation						1	.744**	.737**	.562**
	Sig.							.000	.000	.000
Responsiveness	Correlation							1	.745**	.620**
	Sig.								.000	.000
Assurance	Correlation								1	.656**
	Sig.									.000
Empathy	Correlation									1
	Sig.									

**** Correlation is significant at the 0.01 level (2-tailed).**

This implies that the dimensions of service quality (i.e., tangibility, reliability, responsiveness, assurance, and empathy) have a strong positive correlation on loyalty. The results of communication and customer satisfaction have the same strong impact on loyalty.

4.4. Hypotheses Testing

4.4.1. Hypothesis 1:

Service quality and communication have positive influences on customer loyalty in the context of the banking industry.

For the purpose of testing hypothesis 1, a multiple regression analysis was performed. Table 15 presents the multiple regression results.

Table 15: Multiple Regression Results For Hypothesis 1

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	Sig. F Change
1	.614 ^a	.377	.373	.71481	.377	95.410	.000
2	.670 ^b	.449	.442	.67399	.073	20.717	.000

a. Predictors: (Constant), Service-Quality

b. Predictors: (Constant), Service-Quality & Communication

ANOVA^c

Model		Sum of Squares	df	Mean Square	F	.Sig
1	Regression	48.750	1		95.410	.000 ^a
	Residual	80.730	158	48.750 .511		
	Total	129.480	159			
2	Regression	58.161	2		64.017	.000 ^b
	Residual	71.319	157	29.080 .454		
	Total	129.480	159			

a. Predictors: (Constant), Service-Quality

b. Predictors: (Constant), Service-Quality & Communication

c. Dependent Variable: Loyalty

Table 15: Continued
Coefficients ^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	.Sig
		B	Std. Error	Beta		
1	(Constant)	1.091	.259		4.208	.000
	Service-Quality	.716	.073	.614	9.768	.000
2	(Constant)	.911	.248		3.679	.000
	Service-Quality	.451	.091	.386	4.979	.000
	Communication	.321	.071	.353	4.552	.000

a. Dependent Variable: Loyalty

The multiple regression findings showed that:

- In the model-summary table: The (R) value = (.670) shows how positively strong is the correlation coefficients between the variables. The (R Square) shows that, about (.449) percent of variance for customer loyalty can be predicted by the combination of the two variables (i.e., service quality and communication). The (F Change) value is statistically significant (P-value < .01).
- The ANOVA table shows how well the model fit. The result indicates that, P-values are less than .01, which means that it is a very good consistent model.
- In the coefficients table: The (B) value for the constant model 2 indicates that, when all the predictive variables are zero; the customer loyalty is (.911). Every percentage of service quality provided will add about (.451) for the customer loyalty. Besides, every percentage of communication activities will add about (.321) for the customer loyalty. The probability levels for the variables are statistically significant (P-value < .01).

These results supported that, service quality and communication have positive influences on customer loyalty in the context of the banking industry. Thus hypothesis (H1) is accepted.

4.4.2. Hypothesis 2:

Customer satisfaction has a positive influence on customer loyalty in the context of the banking industry.

For the purpose of testing hypothesis 2, a simple regression analysis was performed. Table 16, presents the simple regression results.

Table 16: Simple Regression Results For Hypothesis 2*Model Summary*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	Sig. F Change
1	.765 ^a	.585	.583	.58307	.585	222.857	.000

a. Predictors: (Constant), Satisfaction

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	75.765	1			
1	Residual	53.715	158	75.765	95.410	.000 ^a
	Total	129.480	159			

a. Predictors: (Constant), Satisfaction

b. Dependent Variable: Loyalty

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.172	.167		7.038	.000
	Satisfaction	.680	.046	.765	14.928	.000

a. Dependent Variable: Loyalty

The simple regression findings showed that:

- In the model-summary table: The (R) value = (.765) shows how positively strong is the correlation coefficients between the variables. The (R Square) shows that about (.585) percent of variance for customer loyalty can be predicted by customer satisfaction. The (F Change) value is statistically significant (P-value < .01).
- The ANOVA table shows how well the model fits. The result indicates that P-value is less than .01, which means it is a very good consistent model.
- In the coefficients table: The (B) value for the constant model indicates that when the predictive variable is zero, the customer loyalty is (1.172). Every percentage of customer satisfaction will add about (.680) for the customer loyalty. The probability levels for the variables are statistically significant (P-value < .01).

These results supported that customer satisfaction has a positive influence on customer loyalty in the context of the banking industry. Thus hypothesis (H2) is accepted.

4.4.3. Hypothesis 3:

Customer satisfaction mediates the relationship between the independent variables (i.e., service quality and communication) and the dependent variable (i.e., customer loyalty) in the context of the banking industry.

Finally, for the purpose of testing hypothesis 3, a hierarchical multiple regression analysis was performed by following Baron and Kenny's (1986) suggestions. The programs entered service quality and communication first in the equation; then they entered satisfaction in the second equation. This allowed the researcher to see the impact of both independent variables (i.e., service quality and communication) and mediating variable (i.e., customer satisfaction) when they were included in the model. Table 17, provides the hierarchical multiple regression.

Table 17: Hierarchical Multiple Regression Results For Hypothesis 3
Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	Sig. F Change
1	.670 ^a	.449	.442	.67399	.449	64.017	.000
2	.779 ^b	.607	.600	.57083	.158	62.874	.000

a. Predictors: (Constant), Service-Quality & Communication

b. Predictors: (Constant), Service-Quality & Communication & Satisfaction

ANOVA^c

Model		Sum of Squares	df	Mean Square	F	.Sig
1	Regression	58.161	2			
	Residual	71.319	157	29.080 .454	64.017	.000 ^a
	Total	129.480	159			
2	Regression	78.648	3			
	Residual	50.832	156	26.216 .326	80.455	.000 ^b
	Total	129.480	159			

a. Predictors: (Constant), Service-Quality & Communication

b. Predictors: (Constant), Service-Quality & Communication & Satisfaction

c. Dependent Variable: Loyalty

Table 17: Continued
Coefficients ^a

	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.911	.248		3.679	.000
	Service-Quality	.451	.091	.386	4.979	
	Communication	.321	.071	.353	4.552	
2	(Constant)	.856	.210		4.079	.000
	Service-Quality	.095	.089	.081	1.064	
	Communication	.143	.064	.157	2.243	
	Satisfaction	.538	.068	.605	7.929	

a. Dependent Variable: Loyalty

The hierarchical multiple regression results indicated that:

- In the model-summary table: The (R) values = (.670) & (.779) show how positively strong is the correlation coefficients between the variables. The (R Square) for model 1 shows that about (.449) percent of variance for customer loyalty can be predicted by the combination of the two variables (i.e., service quality and communication), and the (F Change) value is statistically significant (P-value < .01). As well as, the (R Square) for model 2 shows that about (.607) percent of variance for customer loyalty can be predicted by the combination of the variables "service quality & communication", and then "customer satisfaction". The (F Change) value is statistically significant (P-value < .01).
- The ANOVA table shows how well the model fits. The result indicates that P-values are less than .01, which means that it is a very good consistent model.
- In the coefficients table: The (B) value for the constant model 2 indicates that when all the predictive variables are zero, the customer loyalty is (.856). Every percentage of service quality provided will add about (.095) for the customer loyalty. Besides, every percentage of communication activities will add about (.143) for the customer loyalty. Lastly, every percentage of customer satisfaction will add about (.538) for the customer loyalty.

The F statistic for the second model (i.e., when, satisfaction involved) is 80.455 with a P-value of less than .01, representing a significant model.

Regarding the explanatory contributions for mediating effects, the hierarchical multiple regression results in the second model propose that satisfaction adds about 15.8% unique clarification of the overall variance as shown by the change in R².

These results supported that customer satisfaction mediates the relationship between the independent variables (i.e., service quality and communication) and the dependent variable (i.e., customer loyalty) in the context of the banking industry. Thus hypothesis (H3) is accepted.

5. Discussion and Conclusion:

The focus of this study is to investigate the nature and the importance of the relationships across service quality, communication, satisfaction, and loyalty in the Yemeni banking sector context. Particularly, this study aims to build up the mediating effect understanding of customer satisfaction on the independent variables (i.e., service quality and communication) and dependent variable (i.e., customer loyalty). Based on previous findings, the model was developed, and it was revealed that service quality and communication have a positive and significant direct influence on customer satisfaction. The same model also showed that service quality and communication have a positive and significant direct influence on loyalty. Then, the mediating relationship was presented in the model where satisfaction was positioned as a mediator in the relationship of independent variables (i.e., service quality and communication) and dependent variable (i.e., customer loyalty).

Based on the findings of mean analysis, almost the majority of Yemenis' customers are satisfied with banking service quality and communication being offered (mean scores = 3.4488 & 3.4109 respectively). In addition, customers gave acceptable levels of agreement with satisfaction, and loyalty factors (mean scores = 3.5141 & 3.5613 respectively). This study used correlation and regression technique to test the hypotheses.

To begin with, the most accepted relationship between the two variables (i.e., service quality and communication) on customer loyalty is validated. The direct relationship path coefficient between them is 0.670 and is significant. The (R Square) shows that about (.449) percent of variance for customer loyalty can be predicted by the combination of the two variables. Also, the (B) values indicate that every percentage of service quality and communication will add about (.451) & (.321) respectively for the customer loyalty. The results suggest that higher perception of service quality and communication led to stronger perceptions of customer loyalty. The result is consistent with the previous studies conducted in the banking and other service industries like Mohammed et al. (2017), Osman et al. (2016), Jain et al. (2014), Kheng et al. (2010), and Ball et al. (2004).

Then, the direct relationship path coefficient between the two variables (i.e., service quality and communication) on satisfaction is also validated = (.712) and (.648) respectively, and is significant. The same effect on customer satisfaction was found in service industry (e.g. Ball et al., 2004; Boonajsevee, 2005; Hennig-Thurau et al., 2002; Hadi et al., 2019; Jain et al., 2014; Kumar, 2017). Besides, relationship between satisfaction and customer loyalty is also validated = (.765), and is significant. The (R Square) shows that about (.585) percent of variance for customer loyalty could be anticipated by customer satisfaction, and every percentage of customer satisfaction will add about (.680) for the customer loyalty. The findings aligned with previous researches by Yew and Rahman (2019), Bamfo et al. (2018), Devkota and Dahal (2016), and Chochořáková et al. (2015), in which customer satisfaction is commonly recognized as a customer loyalty indicator in the context of the banking sector.

This study also evaluated the mediation influence of customer satisfaction on service quality; communication and customer loyalty in Yemeni banking industry. The results of the current study obviously show that satisfaction is a key variable that mediates the relationship between independent variables (i.e., service quality and communication) and customer loyalty. The (R) value = (.779) shows how positively strong is the correlation coefficients between the variables. The arising of (R²) values from (.449) to (.607), when satisfaction involved in the model, proposed that satisfaction has a mediating influence between the variables. The (B) values indicate that every percentage of service quality, communication and satisfaction will add about (.095), (.143) and (.538) respectively for the customer loyalty. The results propose that satisfaction adds about 15.8% unique clarification of the overall variance as showed by the change in R². Accordingly, the data analysis for the current study strongly supports the overall framework suggested throughout this study.

The implications with regards to the findings imply that before customers to be loyal they should be motivated as high as possible. There is a contribution value of the satisfaction as demonstrated by the findings in mediating the relationship between independent variables (i.e., service quality and communication) and customer loyalty. Banks should pursue consumer satisfaction to get loyal consumers. Accordingly, banks have to take seriously in their businesses service quality and communication because both are required essentially and bear on satisfaction. Therefore, if bank directors

look for create a unique loyalty among their clients, they must establish long-lasting interactions with their clients by increasing sufficient communication and good service quality with them. In sequence, clientele will be satisfied with the business, and driven to become loyal. This might be done by reinforcing customers' awareness and preference toward the bank or/and their brand.

Yemeni consumers perceived service quality and communication as important factors. However, other factors should be also considered such as trust and protection (Alqasa et al., 2013; Esmaili, Desa, Moradi, & Hemmati, 2011; Zolait, Mattila, & Sulaiman, 2009). There is a necessity for further investigation for other factors that influence customers and obtain the full understanding of their banking loyalty and also for the real variables that prevent clients from utilizing the services of the banking products.

6. Research Limitations:

Below are some of the constraints to be considered when understanding the study results:

1. The first limitation is related to customers' demographic information such as age, gender, and education. The study did not clarify the effect of demographic factors on customer satisfaction and loyalty.
2. Another limitation for the present study is associated to the scope of the study which was only limited to the customers living in Taiz city. The study did not take into consideration the opinion of other customers living in other cities.
3. The third limitation is that the study excluded some variables that may have an impact on satisfaction such as customers' preference, attitude and commitment.
4. The final limitation is related to customers' culture and environment in Yemeni society. Charles and Edward (2002) reported that Yemeni customers' culture and environment are different from those of other countries. Thus, there is a high percentage of public illiteracy according to United Nations Development Programme (UNDP, 2010). As such, this led to limited access to females' customers. Accordingly, higher percentage of males was surveyed.

7. Directions For Future Study:

There are several opportunities as a platform for forthcoming studies to control the limitations presented in the previous section. However, before making recommendations, the researchers can clarify that the limitations

described above were fully recognized and addressed accordingly in the study. The directions for possible future studies are given below:

1. Further research is required to explain the impact of demographic data such as age, gender, and education, on overall assessment of service quality and communication towards satisfaction and loyalty.
2. Future research may expand the scope of this study from the perceptions of customers living in one city (i.e., Taiz city) to wider segments of general population in the national setting. The future study may broaden the sample from customers living in one city to involve more customers in other cities such as Sana'a and Aden.
3. Future research is needed to include other variables that may influence customers satisfaction and loyalty such as customers preference, attitude and commitment.
4. Finally, future research may also investigate culture as a future behaviour predictor. Most literature quoted that cultural beliefs have contributed a lot in shaping people mind to accept new technologies.

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