

**DIMENSIONS OF SERVICE QUALITY AND SERVICE  
CLIMATE: A STUDY OF BANK CUSTOMERS AND  
EMPLOYEES IN FOUR LOCAL MALAYSIAN BANKS**

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## **DECLARATION**

I hereby declare that all the work in this thesis was composed by myself, except where specific acknowledgments are made.

**NORAILIS AB. WAHAB**

Stirling, August 2008

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## ABSTRACT

In spite of the rapid growth and internalization of banking services in particular, managers first need to correctly identify the antecedents of what the local consumer perceives as service quality and its link to service climate, thus the strengths of this relationship would be beneficial as a global competitive tool. Although significant studies had been done regarding issues and factors contributing to service quality and service climate in the banking industry, very little has been published regarding the connection between perceptions of these dimensions. The purpose of this study is to describe an accomplished research to determine whether Malaysian local bank customers' perceptions of service quality and its dimensions relate to employees' perceptions of service climate and its dimensions; and to ascertain whether various background elements' reported differences influence the relationships between the dimensions of service quality and service climate. This study encapsulated two phases of survey with open-ended and close-ended questionnaires consecutively. The researcher employed the Profile Accumulation Technique in the first phase and from the respondents' results, close-ended questionnaires were constructed with responses from four local banks in Malaysia, corroborated together with previous scholars' findings. Several analyses were carried out such as demographic, reliability, validity, performance, non-parametric and parametric tests and elaboration analysis. The main findings produced nine dimensions of service quality (Automated Teller Machine; corporate image; customer interaction and customer service; online and phone banking; physical feature and facilities; products and services; rates and charges; management and staff) and eleven dimensions of service climate (benefit, bonus, reward and salary; corporate image; customer service; facilities; organization; department and branch; management; organization output; products and services; workforce; myself). There were significant relationships between service quality and service climate dimensions. Respondents' characteristics influenced the strength of the relationships between dimensions, service quality and service climate. Consequently, the results offered significant implications for participating banks to improve quality in their environment concerning their employees and customers; using customer-oriented processes and training programs within an increasingly diverse marketplace. Economic development, the political situation, socio-cultural system and the level of sector maturity do need to be considered by managers and policy makers so as to investigate their influence on service quality and service climate.

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