Factors associated with Customer Satisfaction in, and Financial Performance of, financial institutions: A Case study of Islamic and conventional banks in Jordan

By
Khaled Khalaf Alafi

A thesis submitted in the fulfilment of the requirements for the Degree of Doctor of Philosophy in the School of Business, University of the Sunshine Coast.

Sunshine Coast - Queensland
January 2010
Banking industry research is focused on factors impacting upon customer satisfaction about and/or financial performance of banks. Only limited studies have investigated these factors in developing countries, reporting inconsistent results. There may be different factors influencing customer satisfaction in and/or financial performance of banks in developing countries. Also, Islamic-compliance based and corporate social responsibility (CSR) factors in developing countries have been neglected.

This study has three objectives. First is to investigate the set of relationships between three variables [general services, corporate social responsibility (CSR) services and Sharia'h compliance services (where applicable)] and customer satisfaction. This objective is motivated for Jordanian Islamic and Jordanian Arab conventional banks because in prior studies, some variables have either been examined with inconsistent results, only partially examined, or some variables were omitted. Results suggest significant different relationships exist between two variables - general services & CSR - and customer satisfaction with Jordanian banks (both Islamic and Arab). Sharia'h compliance services were found to contribute to customer satisfaction only for customer of Islamic banks. There is no relationship between Sharia'h compliance services and customer satisfaction in the Jordanian Arab banks because Arab banks fail to offer their customer Sharia'h compliance services.

The second objective underpins an examination of four sets of relationships with two aims. The first three sets of relationships and the first aim of this objective is the individual relationships between three bank service variables [general services, CSR services and Sharia'h compliance services (where applicable)] and financial performance. When data collected from Islamic and Arab banks were analysed collectively, the regression analysis produced two significant positive results (general services and CSR services) and one positive non-significant (Sharia'h compliance services relationship) result. Data was then analysed separately and the regression analysis for responses from customer of Islamic banks produced three significant positive relationship results (general services, CSR services, and Sharia'h compliance services). The regression analysis for responses from Arab banks’ customer gave two significant positive relationship results (general services and CSR services). There is no relationship between Sharia'h compliance services and financial performance for Arab banks' customer because Arab banks do not provide their customer with Sharia'h compliance services.

The second aim of the second objective is the relationship between customer satisfaction and financial performance and forms the fourth relationship. A significant positive relationship was found to exist between customer satisfaction and financial performance in both Islamic and Arab banks.

The third objective of this study is to examine the mediating effect of customer satisfaction on the individual relationships between each of three factors (general services, CSR services, and Sharia'h compliance services) and financial performance. This research establishes the direct and indirect effect of three factors [general services,
CSR services, and Sharia'h compliance services (where applicable)] and financial performance. Significant or meaningful indirect (mediating) effects for each relationship were calculated using the results of the path analysis. Calculations for both Islamic and Arab banks suggest that customer satisfaction mediates the relationship between two variables (general services and CSR services) and financial performance. On the other hand, customer satisfaction does not mediate the relationship between Sharia'h compliance services and financial performance for all banks. For Islamic banks, calculations suggest that customer satisfaction mediates the relationship between three variables (general services, CSR services, and Sharia'h compliance services) and financial performance. However, in Arab banks, calculations suggest that customer satisfaction mediates the relationship between two variables (general services and CSR services) and financial performance.

To achieve the three objectives, the study utilises a single approach design involving the use of a quantitative instrument for customer from both the nominated Jordanian Islamic retail banks and the nominated Jordanian conventional retail banks. A representative sample of banks' customer, n = 375 (191 customer from the selected Islamic banks and 184 customer from Arab banks) were recruited to voluntarily participate in the study. The questionnaire sought information on factors commonly associated with customer satisfaction in the banking industry: general services, CSR services, Sharia'h compliance services and financial performance, plus demographic details.

The results of this study suggest provision of general services and CSR services are associated with customer satisfaction for conventional Arab banks. This is consistent with results of prior studies reporting a significant positive association between two variables (general services and CSR services) and customer satisfaction (Alhemoud, 2008; Arasile et al., 2005a; Arasile et al., 2005b; Dash, 2006; Dusuki and Abdullah, 2007; McWilliams and Siegel, 2001; Rod et al., 2008). Services are associated with customer satisfaction with Islamic banks. This is also In this study, Sharia'h compliance consistent with some previous findings: that provision of Sharia'h compliance services is associated with customer satisfaction (Al-Khater and Naser, 2003; Abdullah and Kassim, 2009; Amin and Isa, 2008; Okumkus, 2005). Similarly, this study found a positive relationship between customer satisfaction and financial performance consistent with results of past studies (Carden, R. and Dellifrain, 2004; Eugene et al, 2004; Tantakasem, 2006). Furthermore, this study found customer satisfaction mediated the relationship between the following variables (provision of general services, CSR services, and Sharia'h compliance services) and financial performance. Some of these findings are consistent with past studies results which reported financial performance depended on customer satisfaction with general services and CSR services (Anderson and Mittal, 2000; Holliday et al., 2002; Kotler and Lee, 2005; Maignan and Ferrell, 2004; Mququ, 2005; Peterson, 2004; Waddock et al., 2004). However, the third finding about Sharia'h compliance services adds to the body of knowledge because no previous study has investigated the mediating effect of customer satisfaction on the relationship between Sharia'h compliance services and financial performance. These results have implications for future research studies into these relationships in Sharia’h banks.
The present study also offers important implications for i) practice: utility of good quality general services, CSR services, and Sharia'h compliance services in the maintenance of sustainable business practices and customer satisfaction (as an important stakeholder group) ii) government institutions: encouraging them to improve their general services and integrate CSR services into their business and iii) society: banks being more socially responsible financial institutions and creating windows for Sharia'h compliance services.
Statement of Originality

This work has not previously been submitted for a degree or diploma in any university. To the best of my knowledge and belief, the thesis contains no material previously published or written by another person except where due reference is made in the thesis itself.

Khaled Khalaf Alafi
Acknowledgments

I would like to acknowledge the supervision and support provided by Associate Professor John Sands and Dr. Monte Wynder. They each willingly gave guidance, insight and constructive criticism in relation to this research.

I am indebted to the customer who participated in the study and gave so willingly of their time. The study would not have been possible without their support.

To my wife, Khitam, son, Mohammad, and daughter, Dania, thanks for their love, support and understanding while I completed this research.
To my parents, and brothers Ayman, Rebhi, thanks for their help and support.

I would also like to thank the staff of participating banks for facilitating data collection.
## Table of contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abstract</td>
<td>ii</td>
</tr>
<tr>
<td>Statement of Originality</td>
<td>v</td>
</tr>
<tr>
<td>Acknowledgments</td>
<td>vi</td>
</tr>
<tr>
<td>Table of Contents</td>
<td>vii</td>
</tr>
<tr>
<td>List of Tables</td>
<td>xiii</td>
</tr>
<tr>
<td>List of Figures</td>
<td>xv</td>
</tr>
<tr>
<td>List of Graphs</td>
<td>xvi</td>
</tr>
<tr>
<td><strong>CHAPTER ONE</strong></td>
<td></td>
</tr>
<tr>
<td>1.0 Introduction</td>
<td>1</td>
</tr>
<tr>
<td>1.1 Motivation for the study</td>
<td>2</td>
</tr>
<tr>
<td>1.2 Overview of the study</td>
<td>5</td>
</tr>
<tr>
<td>1.2.1 Stage one</td>
<td>5</td>
</tr>
<tr>
<td>1.2.2 Stage two</td>
<td>7</td>
</tr>
<tr>
<td>1.2.3 Stage three</td>
<td>9</td>
</tr>
<tr>
<td>1.3 Objectives of the study</td>
<td>11</td>
</tr>
<tr>
<td>1.4 Research problems</td>
<td>11</td>
</tr>
<tr>
<td>1.5 General contribution of the study</td>
<td>12</td>
</tr>
<tr>
<td>1.6 Organization of the study</td>
<td>14</td>
</tr>
<tr>
<td><strong>CHAPTER TWO (Review of the literature)</strong></td>
<td></td>
</tr>
<tr>
<td>2.0 Introduction</td>
<td>16</td>
</tr>
<tr>
<td>2.1 Customer satisfaction</td>
<td>16</td>
</tr>
<tr>
<td>2.1.1 Importance of customer satisfaction as a measure</td>
<td>17</td>
</tr>
<tr>
<td>2.1.2 Customer satisfaction and financial performance</td>
<td>18</td>
</tr>
<tr>
<td>2.1.3 Determinants of customer satisfaction</td>
<td>20</td>
</tr>
<tr>
<td>2.2 General services quality dimensions and customer satisfaction</td>
<td>22</td>
</tr>
<tr>
<td>2.2.1 Intangible and tangible services: Customer discontent and SERQUAL instruments</td>
<td>22</td>
</tr>
<tr>
<td>2.2.2 Tangibles general service quality dimension and customer satisfaction</td>
<td>23</td>
</tr>
<tr>
<td>2.2.3 Assurance general service quality dimension and customer satisfaction</td>
<td>25</td>
</tr>
<tr>
<td>Section</td>
<td>Page</td>
</tr>
<tr>
<td>------------------------------------------------------------------------</td>
<td>------</td>
</tr>
<tr>
<td>2.2.4 Empathy general services quality dimension and customer satisfaction</td>
<td>26</td>
</tr>
<tr>
<td>2.2.5 Responsiveness general service quality dimension and customer satisfaction</td>
<td>27</td>
</tr>
<tr>
<td>2.2.6 Reliability, general services quality dimension and customer satisfaction</td>
<td>28</td>
</tr>
<tr>
<td>2.3 Inconsistencies: quality service findings as determinates of customer satisfaction</td>
<td>28</td>
</tr>
<tr>
<td>2.4 Relationship between Quality of general services and financial performance</td>
<td>29</td>
</tr>
<tr>
<td>2.5 Sharia’h compliance background</td>
<td>30</td>
</tr>
<tr>
<td>2.5.1 Prohibition of Riba</td>
<td>33</td>
</tr>
<tr>
<td>2.5.2 Prohibition of Gharar</td>
<td>33</td>
</tr>
<tr>
<td>2.5.3 Principles of Islamic financial system</td>
<td>33</td>
</tr>
<tr>
<td>2.6 Instruments of Islamic banking</td>
<td>34</td>
</tr>
<tr>
<td>2.7 Sharia’h compliance as a dimension of bank services and customer satisfaction with Islamic banks</td>
<td>37</td>
</tr>
<tr>
<td>2.8 Inconsistent findings about religious motivation for bank selection</td>
<td>39</td>
</tr>
<tr>
<td>2.9 Relationship between Sharia’h compliance and financial performance</td>
<td>41</td>
</tr>
<tr>
<td>2.10 Background to Corporate Social Responsibility (CSR)</td>
<td>42</td>
</tr>
<tr>
<td>2.10.1 Obligation to society</td>
<td>42</td>
</tr>
<tr>
<td>2.10.2 Stakeholder interests</td>
<td>43</td>
</tr>
<tr>
<td>2.10.3 Integrations of CSR components</td>
<td>43</td>
</tr>
<tr>
<td>2.10.4 Socioeconomic view supporting CSR</td>
<td>44</td>
</tr>
<tr>
<td>2.10.5 Principles of CSR</td>
<td>45</td>
</tr>
<tr>
<td>2.10.6 CSR research streams</td>
<td>47</td>
</tr>
<tr>
<td>2.11 CSR as a stakeholder obligation (1969 - 2006)</td>
<td>47</td>
</tr>
<tr>
<td>2.11.1 Stakeholder theory (21st Century)</td>
<td>48</td>
</tr>
<tr>
<td>2.11.2 Stakeholders’ perception of corporate social responsibility (21st century)</td>
<td>50</td>
</tr>
<tr>
<td>2.11.3 Stakeholder perceptions of CSR in the banking industry</td>
<td>50</td>
</tr>
</tbody>
</table>
Table of contents (continued)

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.12 Customer general perception of CSR</td>
<td>51</td>
</tr>
<tr>
<td>2.12.1 CSR perceptions in the banking industry</td>
<td>52</td>
</tr>
<tr>
<td>2.12.2 Relationship between CSR bank services and customer satisfaction</td>
<td>54</td>
</tr>
<tr>
<td>2.12.3 Relationship between CSR bank services and financial performance</td>
<td>57</td>
</tr>
<tr>
<td>2.13 Chapter summary</td>
<td>60</td>
</tr>
<tr>
<td>2.14 Conclusion</td>
<td>61</td>
</tr>
<tr>
<td>CHAPTER THREE (Conceptual framework model and Hypotheses Development)</td>
<td></td>
</tr>
<tr>
<td>3.0 Introduction</td>
<td>63</td>
</tr>
<tr>
<td>3.1 Research problems</td>
<td>63</td>
</tr>
<tr>
<td>3.1.1 Research problem statement 1: direct and indirect relationship</td>
<td>64</td>
</tr>
<tr>
<td>between general services and financial performance</td>
<td></td>
</tr>
<tr>
<td>3.1.2 Research problem statement 2: direct and indirect relationship</td>
<td>65</td>
</tr>
<tr>
<td>between CSR service and financial performance</td>
<td></td>
</tr>
<tr>
<td>3.1.3 Research problem statement 3: direct and indirect relationship</td>
<td>65</td>
</tr>
<tr>
<td>between Sharia’h compliance service and financial performance</td>
<td></td>
</tr>
<tr>
<td>3.2 Theoretical model</td>
<td>67</td>
</tr>
<tr>
<td>3.3 Developing the discussion to support the hypotheses for the</td>
<td>69</td>
</tr>
<tr>
<td>relationships among four variables and financial performance</td>
<td></td>
</tr>
<tr>
<td>3.3.1 Definition of general service banking quality</td>
<td>69</td>
</tr>
<tr>
<td>3.3.2 Definition of customer satisfaction</td>
<td>69</td>
</tr>
<tr>
<td>3.3.3 Relationship between the provision of general services and</td>
<td>69</td>
</tr>
<tr>
<td>customer satisfaction</td>
<td></td>
</tr>
<tr>
<td>3.3.4 CSR Defined</td>
<td>70</td>
</tr>
<tr>
<td>3.3.5 Relationship between the provision of CSR services and customer</td>
<td>71</td>
</tr>
<tr>
<td>satisfaction</td>
<td></td>
</tr>
<tr>
<td>3.3.6 Definition of provision of Sharia’h compliance services</td>
<td>72</td>
</tr>
<tr>
<td>3.3.7 Relationship between the provisions of Sharia’h compliance</td>
<td>72</td>
</tr>
<tr>
<td>services and customer satisfaction</td>
<td></td>
</tr>
<tr>
<td>3.3.8 Direct and indirect relationships between the provisions of</td>
<td>73</td>
</tr>
<tr>
<td>general services and financial performance</td>
<td></td>
</tr>
<tr>
<td>Table of contents (continued)</td>
<td>Page</td>
</tr>
<tr>
<td>------------------------------------------------------------------</td>
<td>------</td>
</tr>
<tr>
<td>3.3.9 Direct and indirect relationships between the provisions of CSR services and financial performance</td>
<td>75</td>
</tr>
<tr>
<td>3.3.10 Direct and indirect relationships between the provisions of Sharia’h compliance services and financial performance</td>
<td>76</td>
</tr>
<tr>
<td>3.4 The relationship between customer satisfaction and financial performance</td>
<td>77</td>
</tr>
<tr>
<td>3.5 Summary</td>
<td>78</td>
</tr>
<tr>
<td>3.6 Conclusion</td>
<td>78</td>
</tr>
<tr>
<td>CHAPTER FOUR (Research Method)</td>
<td></td>
</tr>
<tr>
<td>4.0 Introduction</td>
<td>79</td>
</tr>
<tr>
<td>4.1 Selection of the sample</td>
<td>79</td>
</tr>
<tr>
<td>4.2 Selection of survey nation and sample</td>
<td>80</td>
</tr>
<tr>
<td>4.3 Descriptive statistics of demographic data</td>
<td>81</td>
</tr>
<tr>
<td>4.3.1 For both Islamic banks and Arab banks</td>
<td>82</td>
</tr>
<tr>
<td>4.3.2 For the Islamic bank</td>
<td>82</td>
</tr>
<tr>
<td>4.3.3. For the Arab bank</td>
<td>82</td>
</tr>
<tr>
<td>4.4 Translations of survey instruments</td>
<td>83</td>
</tr>
<tr>
<td>4.5 Administration of Survey</td>
<td>83</td>
</tr>
<tr>
<td>4.6 Survey Design</td>
<td>87</td>
</tr>
<tr>
<td>4.6.1 Pilot study</td>
<td>87</td>
</tr>
<tr>
<td>4.6.2 Post-pilot study revisions</td>
<td>87</td>
</tr>
<tr>
<td>4.7 Instrument components</td>
<td>87</td>
</tr>
<tr>
<td>4.7.1 Measures of general bank's services, social responsibility services and Sharia’h compliance services</td>
<td>89</td>
</tr>
<tr>
<td>4.7.2 Customer satisfaction measure</td>
<td>94</td>
</tr>
<tr>
<td>4.7.3 Financial performance measure for Jordanian banks</td>
<td>96</td>
</tr>
<tr>
<td>4.8 Ethical consideration</td>
<td>98</td>
</tr>
<tr>
<td>4.9 Summary</td>
<td>98</td>
</tr>
<tr>
<td>CHAPTER FIVE (Results)</td>
<td></td>
</tr>
<tr>
<td>5.0 Introduction</td>
<td>100</td>
</tr>
</tbody>
</table>
## Table of contents (continued)

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.1 Path Analysis Technique: Advantages, Limitations, and Assumptions</td>
<td>100</td>
</tr>
<tr>
<td>5.1.1 Sample Size: Ratio of Cases to Independent Variables (IVs)</td>
<td>108</td>
</tr>
<tr>
<td>5.1.2 Absence of Outliers among Variables</td>
<td>108</td>
</tr>
<tr>
<td>5.1.3 Absence of Multicollinearity and Singularity among Variables</td>
<td>110</td>
</tr>
<tr>
<td>5.1.4 The Existence of Normality, Linearity, Homoscedasticity and</td>
<td>115</td>
</tr>
<tr>
<td>Independence of the residuals of the variables</td>
<td></td>
</tr>
<tr>
<td>5.2 Path Analysis Results</td>
<td>123</td>
</tr>
<tr>
<td>5.2.1 The Relationship between three factors (general services, social</td>
<td>124</td>
</tr>
<tr>
<td>responsibility and Sharia’h compliance) and customer satisfaction:</td>
<td></td>
</tr>
<tr>
<td>Testing Hypotheses H₁ to H₃</td>
<td></td>
</tr>
<tr>
<td>5.2.1.1 For both banks (Islamic bank and Arab Bank)</td>
<td>124</td>
</tr>
<tr>
<td>5.2.1.2 For the Islamic bank</td>
<td>127</td>
</tr>
<tr>
<td>5.2.1.3 For the Arab bank</td>
<td>131</td>
</tr>
<tr>
<td>5.2.2 The Relationship between three factors (general services, social</td>
<td>133</td>
</tr>
<tr>
<td>responsibility (CSR), and Sharia'h compliance) and Financial</td>
<td></td>
</tr>
<tr>
<td>Performance: Testing Hypotheses H₄ to H₆</td>
<td></td>
</tr>
<tr>
<td>5.2.2.1 For both banks (Arab bank and Islamic Bank)</td>
<td>133</td>
</tr>
<tr>
<td>5.2.2.2 For the Islamic bank</td>
<td>135</td>
</tr>
<tr>
<td>5.2.2.3 For the Arab bank</td>
<td>137</td>
</tr>
<tr>
<td>5.2.3 The relationship between customer satisfaction and financial</td>
<td>139</td>
</tr>
<tr>
<td>performance</td>
<td></td>
</tr>
<tr>
<td>5.3 Calculations and Discussions on the Direct, Indirect and Total</td>
<td>140</td>
</tr>
<tr>
<td>Effects of the three factors (general services, social responsibility</td>
<td></td>
</tr>
<tr>
<td>services, and Sharia’h compliance services) on financial performance</td>
<td></td>
</tr>
<tr>
<td>5.4 Results summary</td>
<td>147</td>
</tr>
<tr>
<td>5.5 Chapter summary</td>
<td>148</td>
</tr>
<tr>
<td>CHAPTER SIX (Discussion of Results, Implications, Limitations,</td>
<td></td>
</tr>
<tr>
<td>Recommendations and conclusions)</td>
<td></td>
</tr>
<tr>
<td>6.0 Introduction</td>
<td>151</td>
</tr>
<tr>
<td>6.1 Discussion about the results</td>
<td>152</td>
</tr>
</tbody>
</table>
# Table of contents (continued)

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>6. 1.1 Results for general services, corporate social responsibility</td>
<td>156</td>
</tr>
<tr>
<td>services, Sharia’h compliance services, customer satisfaction, and</td>
<td></td>
</tr>
<tr>
<td>financial performance</td>
<td></td>
</tr>
<tr>
<td>6.1.1.1 Hypotheses H$<em>{1.1}$, H$</em>{2.1}$, and H$_{3.1}$</td>
<td>156</td>
</tr>
<tr>
<td>6.1.1.2 Hypotheses H$<em>{1.2}$, H$</em>{2.2}$, and H$_{3.2}$</td>
<td>157</td>
</tr>
<tr>
<td>6.1.1.3 Hypotheses H$<em>{1.3}$ and H$</em>{2.3}$</td>
<td>158</td>
</tr>
<tr>
<td>6.1.1.4 Hypotheses H$<em>{4.1}$, H$</em>{6.1}$, and H$_{8.1}$</td>
<td>159</td>
</tr>
<tr>
<td>6.1.1.5 Hypotheses H$<em>{4.2}$, H$</em>{6.2}$, and H$_{8.2}$</td>
<td>160</td>
</tr>
<tr>
<td>6.1.1.6 Hypotheses H$<em>{4.3}$ and H$</em>{6.3}$</td>
<td>161</td>
</tr>
<tr>
<td>6.1.2 Results for the Relationship between Customer satisfaction and</td>
<td>161</td>
</tr>
<tr>
<td>Financial Performance</td>
<td></td>
</tr>
<tr>
<td>6.1.2.1 Hypothesis H$<em>{10.1}$, H$</em>{10.2}$, and H$_{10.3}$</td>
<td>162</td>
</tr>
<tr>
<td>6.1.3 Results for the Mediating Effect of Customer satisfaction on the</td>
<td>162</td>
</tr>
<tr>
<td>Relationships between the three factors (general services, CSR, and</td>
<td></td>
</tr>
<tr>
<td>Sharia’h compliance services) and financial performance</td>
<td></td>
</tr>
<tr>
<td>6.1.3.1 Hypotheses H$<em>{5.1}$, and H$</em>{7.1}$</td>
<td>163</td>
</tr>
<tr>
<td>6.1.3.2 Hypotheses H$<em>{5.2}$ and H$</em>{7.2}$, and H$_{9}$</td>
<td>164</td>
</tr>
<tr>
<td>6.1.3.3 Hypotheses H$<em>{5.3}$ and H$</em>{7.3}$</td>
<td>165</td>
</tr>
<tr>
<td>6.1.4 Discussion Summary</td>
<td>166</td>
</tr>
<tr>
<td>6.2 Implications of the Results of the Study</td>
<td>167</td>
</tr>
<tr>
<td>6.2.1 Research Implications</td>
<td>167</td>
</tr>
<tr>
<td>6.2.2 Implications for Practice</td>
<td>169</td>
</tr>
<tr>
<td>6.3 Limitations of the Study</td>
<td>170</td>
</tr>
<tr>
<td>6.4 Chapter Summary and Conclusions</td>
<td>171</td>
</tr>
<tr>
<td>REFERENCES</td>
<td>174</td>
</tr>
<tr>
<td>APPENDICES</td>
<td>191</td>
</tr>
<tr>
<td>Appendix A: Thesis Survey Document</td>
<td>191</td>
</tr>
<tr>
<td>Appendix B: Ethics Committee Approval Confirmation</td>
<td>200</td>
</tr>
<tr>
<td>Appendix C: Computation of Path Co-efficients</td>
<td>202</td>
</tr>
</tbody>
</table>
**List of Tables**

<table>
<thead>
<tr>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>CHAPTER FOUR</td>
<td></td>
</tr>
<tr>
<td>Table 4.1 Population Definition and Sampling Method</td>
<td>80</td>
</tr>
<tr>
<td>Table 4.2 Summary of Demographic Data</td>
<td>81</td>
</tr>
<tr>
<td>Table 4.3 Response Rate Details</td>
<td>85</td>
</tr>
<tr>
<td>Table 4.4 Customer satisfaction factors (including reliability and construct</td>
<td>91</td>
</tr>
<tr>
<td>Table 4.4a Inter-item correlation matrix for Sharia’h Compliance factor</td>
<td>92</td>
</tr>
<tr>
<td>Table 4.4b Inter-item correlation matrix for social responsibility factor</td>
<td>93</td>
</tr>
<tr>
<td>Table 4.4c Inter-item correlation matrix for general services factor</td>
<td>94</td>
</tr>
<tr>
<td>Table 4.5 Customer satisfaction factor (including reliability and construct</td>
<td>95</td>
</tr>
<tr>
<td>Table 4.6 Inter-item correlation matrix for customer satisfaction factor</td>
<td>96</td>
</tr>
<tr>
<td>Table 4.7 Financial performance factor (including reliability and construct</td>
<td>97</td>
</tr>
<tr>
<td>Table 4.8 Inter-item correlation matrix for financial performance factor</td>
<td>97</td>
</tr>
<tr>
<td>CHAPTER FIVE</td>
<td></td>
</tr>
<tr>
<td>Table 5.1 Correlation matrix between three factors (general services, social</td>
<td>111</td>
</tr>
<tr>
<td>responsibility services, and Sharia’h compliance services); customer</td>
<td></td>
</tr>
<tr>
<td>satisfaction; and financial performance for both banks (Islamic bank</td>
<td></td>
</tr>
<tr>
<td>and Arab bank)</td>
<td></td>
</tr>
<tr>
<td>Table 5.2 Collinearity Diagnostics</td>
<td>111</td>
</tr>
<tr>
<td>Table 5.3 Correlation matrix between three factors (general services, social</td>
<td>112</td>
</tr>
<tr>
<td>responsibility services, and Sharia’h compliance services); customer</td>
<td></td>
</tr>
<tr>
<td>satisfaction; and financial performance for Islamic banks</td>
<td></td>
</tr>
<tr>
<td>Table 5.4 Collinearity Diagnostics</td>
<td>113</td>
</tr>
<tr>
<td>Table 5.5 Correlation matrix between three factors (general services ,social</td>
<td>114</td>
</tr>
<tr>
<td>responsibility services, and Sharia'h compliance services); customer</td>
<td></td>
</tr>
<tr>
<td>satisfaction; and financial performance for Arab banks</td>
<td></td>
</tr>
<tr>
<td>Table 5.6 Collinearity Diagnostics</td>
<td>114</td>
</tr>
<tr>
<td>Table 5.7 A to B Regression analysis hypothesis H_{1.1}, H_{2.1}, and</td>
<td>127</td>
</tr>
<tr>
<td>H_{3.1}, Equation (5.1) three A (Three IVs) coefficients and dependent</td>
<td></td>
</tr>
<tr>
<td>variable: customer satisfaction (B)</td>
<td></td>
</tr>
<tr>
<td>Table 5.8 A to B Regression analysis hypothesis H_{1.2}, H_{2.2}, and</td>
<td>130</td>
</tr>
<tr>
<td>H_{3.2}, Equation (5.3) three A (Three IVs) coefficients and dependent</td>
<td></td>
</tr>
<tr>
<td>variable: customer satisfaction (B)</td>
<td></td>
</tr>
<tr>
<td>Table 5.9 A to B Regression analysis hypothesis H_{1.3} and H_{2.3},</td>
<td>133</td>
</tr>
<tr>
<td>Equation (5.5) three A (two IVs) coefficients and dependent variable:</td>
<td></td>
</tr>
<tr>
<td>customer satisfaction B</td>
<td></td>
</tr>
</tbody>
</table>
List of Tables (continued)

Table 5.10  A to B to C Regression analysis hypothesis H4.1, H6.1, H8.1, and H10.1.
Using, Equation (5.2) consisting of three A and B (four IVs) on dependent variable: financial performance (C) 135

Table 5.11  A to B to C Regression analysis hypothesis H4.2, H6.2, H8.2, and H10.2.
Using, Equation (5.4) consisting of three A and B (four IVs) on dependent variable: financial performance (C) 137

Table 5.12  A to B to C Regression analysis hypothesis H4.3, H6.3, and H10.3.
Equation (5.6) consisting of two A and B (three IVs) on dependent variable: financial performance (C) 139

Table 5.13  Statistics summary of Path coefficients for both banks 142

Table 5.14  Statistics summary of Path coefficients for Islamic banks 143

Table 5.15  Statistics summary of Path coefficients for Arab banks 144

Table 5.16  Calculations of IE, DE, and TE for Hypothesis H5.1 and H7.1 for both banks 145

Table 5.17  Calculations of IE, DE, and TE for Hypothesis H5.2, H7.2, and H9 for Islamic banks 145

Table 5.18  Calculations of IE, DE, and TE for Hypothesis H5.3 and H7.3 for Arab banks 146

Table 5.19  Summary of results for testing hypotheses H1, H2, H3, H4, H6, H8, and H10 149

Table 5.20  Summary of calculation results for hypotheses H5, H7, and H9 150

CHAPTER SIX

Table 6.1  Summary of Relationships and Results for Hypotheses H1 to H10 154
## List of Figures

<table>
<thead>
<tr>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CHAPTER ONE</strong></td>
<td></td>
</tr>
<tr>
<td>Figure 1.1 Theoretical Model direct relationships between Three Bank</td>
<td>6</td>
</tr>
<tr>
<td>Services (A) (general bank services, CSR services, Sharia’h compliance and</td>
<td></td>
</tr>
<tr>
<td>(B) Customer Satisfaction</td>
<td></td>
</tr>
<tr>
<td>Figure 1.2 Theoretical Model direct relationships between Three Bank</td>
<td>8</td>
</tr>
<tr>
<td>Services (A) (general bank services, CSR services, Sharia’h compliance,</td>
<td></td>
</tr>
<tr>
<td>(B) customer stakeholders’ satisfaction, and (C) bank’s financial</td>
<td></td>
</tr>
<tr>
<td>performance</td>
<td></td>
</tr>
<tr>
<td>Figure 1.3 Theoretical Model direct relationships between Three Bank</td>
<td>10</td>
</tr>
<tr>
<td>Services (A) (general bank services, CSR services, Sharia’h compliance,</td>
<td></td>
</tr>
<tr>
<td>(B) customer stakeholders’ satisfaction, and (C) bank’s financial</td>
<td></td>
</tr>
<tr>
<td>performance</td>
<td></td>
</tr>
<tr>
<td><strong>CHAPTER TWO</strong></td>
<td></td>
</tr>
<tr>
<td>Figure 2.1 A spectrum of stakeholder theory perspectives</td>
<td>49</td>
</tr>
<tr>
<td><strong>CHAPTER THREE</strong></td>
<td></td>
</tr>
<tr>
<td>Figure 3.1 Theoretical Model between Three Bank Actions (A) (normal</td>
<td>68</td>
</tr>
<tr>
<td>bank services, CSR services, Sharia’h compliance, (B) customer</td>
<td></td>
</tr>
<tr>
<td>stakeholders’ satisfaction, and (C) bank’s financial performance</td>
<td></td>
</tr>
<tr>
<td><strong>CHAPTER FIVE</strong></td>
<td></td>
</tr>
<tr>
<td>Figure 5.1 Path analysis model between (A) general service, social</td>
<td>103</td>
</tr>
<tr>
<td>responsibility, Sharia’h compliance services, (B) customer satisfaction</td>
<td></td>
</tr>
<tr>
<td>&amp; financial performance for both (Islamic bank &amp; Arab bank)</td>
<td></td>
</tr>
<tr>
<td>Figure 5.2 Path analysis model between (A) general service, social</td>
<td>104</td>
</tr>
<tr>
<td>responsibility &amp; Sharia’h compliance services, (B) customer satisfaction</td>
<td></td>
</tr>
<tr>
<td>&amp; financial performance for Islamic bank.</td>
<td></td>
</tr>
<tr>
<td>Figure 5.3 Path analysis model between (A) general service &amp; social</td>
<td>105</td>
</tr>
<tr>
<td>responsibility, (B) customer satisfaction &amp; financial performance for the</td>
<td></td>
</tr>
<tr>
<td>Arab bank</td>
<td></td>
</tr>
<tr>
<td>Figure 5.4 Path analysis model between (A) general service, social</td>
<td>126</td>
</tr>
<tr>
<td>responsibility &amp; Sharia’h compliance services, (B) customer satisfaction</td>
<td></td>
</tr>
<tr>
<td>&amp; financial performance for both (Islamic bank &amp; Arab bank)</td>
<td></td>
</tr>
<tr>
<td>Figure 5.5 Path analysis model between (A) general service, social</td>
<td>129</td>
</tr>
<tr>
<td>responsibility &amp; Sharia’h compliance services, (B) customer satisfaction</td>
<td></td>
</tr>
<tr>
<td>&amp; financial performance for Islamic bank</td>
<td></td>
</tr>
<tr>
<td>Figure 5.6 Path analysis model between (A) general service &amp; social</td>
<td>132</td>
</tr>
<tr>
<td>responsibility, (B) customer satisfaction &amp; financial performance for the</td>
<td></td>
</tr>
<tr>
<td>Arab bank</td>
<td></td>
</tr>
</tbody>
</table>
## List of Graphs

<table>
<thead>
<tr>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CHAPTER FIVE</strong></td>
<td></td>
</tr>
<tr>
<td>Graph 5.1 Normality test for the regression of the three factors (general</td>
<td>116</td>
</tr>
<tr>
<td>services, CSR, and Sharia'h compliance services) and customer</td>
<td></td>
</tr>
<tr>
<td>satisfaction in both Islamic banks and Arab banks (Equation 5.1)</td>
<td></td>
</tr>
<tr>
<td>Graph 5.2 Normality test for the regression of the three factors (general</td>
<td>117</td>
</tr>
<tr>
<td>services, CSR, and Sharia'h compliance services), customer satisfaction,</td>
<td></td>
</tr>
<tr>
<td>and financial performance in both Islamic banks and Arab banks (Equation</td>
<td></td>
</tr>
<tr>
<td>5.2)</td>
<td></td>
</tr>
<tr>
<td>Graph 5.3 Normality test for the regression of the three factors (general</td>
<td>117</td>
</tr>
<tr>
<td>services, CSR, and Sharia'h compliance services) and customer</td>
<td></td>
</tr>
<tr>
<td>satisfaction in Islamic banks (Equation 5.3)</td>
<td></td>
</tr>
<tr>
<td>Graph 5.4 Normality test for the regression of the three factors (general</td>
<td>118</td>
</tr>
<tr>
<td>services, CSR, and Sharia'h compliance services), customer satisfaction,</td>
<td></td>
</tr>
<tr>
<td>and financial performance in Islamic banks (Equation 5.4)</td>
<td></td>
</tr>
<tr>
<td>Graph 5.5 Normality test for the regression of the three factors (general</td>
<td>118</td>
</tr>
<tr>
<td>services, social responsibility services, and Sharia'h compliance</td>
<td></td>
</tr>
<tr>
<td>services) and customer satisfaction in Arab banks (Equation 5.5).</td>
<td></td>
</tr>
<tr>
<td>Graph 5.6 Normality test for the regression of the three factors (general</td>
<td>119</td>
</tr>
<tr>
<td>services, CSR, and Sharia'h compliance services), customer satisfaction,</td>
<td></td>
</tr>
<tr>
<td>and financial performance in Arab banks (Equation 5.6)</td>
<td></td>
</tr>
<tr>
<td>Graph 5.7 Linearity, homoscedasticity, and independence of residuals of</td>
<td>120</td>
</tr>
<tr>
<td>variables tests for the regression of the three factors (general services,</td>
<td></td>
</tr>
<tr>
<td>CSR, and Sharia'h compliance services) and customer satisfaction in both</td>
<td></td>
</tr>
<tr>
<td>banks (equation 5.1)</td>
<td></td>
</tr>
<tr>
<td>Graph 5.8 Linearity, homoscedasticity, and independence of residuals of</td>
<td>120</td>
</tr>
<tr>
<td>variables tests for the regression of the three factors (general services,</td>
<td></td>
</tr>
<tr>
<td>CSR, and Sharia'h compliance services), customer satisfaction, and</td>
<td></td>
</tr>
<tr>
<td>financial performance in both banks (equation 5.2).</td>
<td></td>
</tr>
<tr>
<td>Graph 5.9 Linearity, homoscedasticity, and independence of residuals of</td>
<td>121</td>
</tr>
<tr>
<td>variables tests for the regression of the three factors (general services,</td>
<td></td>
</tr>
<tr>
<td>CSR, and Sharia'h compliance services) and customer satisfaction in Islamic</td>
<td></td>
</tr>
<tr>
<td>banks (Equation 5.3)</td>
<td></td>
</tr>
<tr>
<td>Graph 5.10 Linearity, homoscedasticity, and independence of residuals of</td>
<td>121</td>
</tr>
<tr>
<td>variables tests for the regression of the three factors (general services,</td>
<td></td>
</tr>
<tr>
<td>CSR, and Sharia'h compliance services), customer satisfaction, and</td>
<td></td>
</tr>
<tr>
<td>financial performance in Islamic banks (Equation 5.4).</td>
<td></td>
</tr>
<tr>
<td>Description</td>
<td>Page</td>
</tr>
<tr>
<td>----------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>------</td>
</tr>
<tr>
<td>Graph 5.11 Linearity, homoscedasticity, and independence of residuals of variables tests for the regression of the three factors (general services, CSR, and Sharia'h compliance services) and customer satisfaction in Arab banks (Equation 5.5)</td>
<td>122</td>
</tr>
<tr>
<td>Graph 5.12 Linearity, homoscedasticity, and independence of residuals of variables tests for the regression of the three factors (general services, CSR, and Sharia'h compliance services), customer satisfaction, and financial performance in Arab banks (Equation 5.6).</td>
<td>122</td>
</tr>
</tbody>
</table>
Chapter 1

1.0 Introduction
Identifying and meeting customer demands by developing and delivering products and services is an essential part of the banking and financial services industry (Araslie, Salime, and Salih, 2005b; Arasli, Salih and Salime, 2005a; Mishkin, 2001). Banks are expanding across national borders to create a more integrated global banking environment. Globalisation of banks’ operations requires banks’ adopting an expansion strategy: offering a diverse portfolio of competitive products and services, restructuring their services and products in order to meet the changing needs, as well as different cultural morés or religious obligations of customers, and making continuous use of rapid technology (Arasli, Salih and Salime, 2005a; Arasli, Salime and Salih, 2005b; Angur et al., 1999).

Islamic finance also is a rapidly growing segment of the global finance industry (Gait and Worthington, 2008). Islamic Banking was established in 1963 to cater for the needs of Muslim religious obligations, which over time, has led to the establishment of various interest-free banks (Al-Suwaidi, 1994; Al-Omar and Abdel-Haq, 1996). More than 300 Islamic financial institutions now operate worldwide in 75 countries, which include developing economies where the financial sector is either almost entirely Islamic (Iran and Sudan) or Islamic where ‘conventional’ financial systems coexist (Indonesia, Malaysia, Pakistan and the United Arab Emirates) (Gait and Worthington, 2008; El-Qorchi, 2005). Additionally, a small number of Islamic financial institutions have been established in developed economies. The strong demand for some form of Islamic financial institution in developed economies has resulted in large conventional banks operating in these world markets (such as in Europe and the United States) by opening Islamic financing windows (Gait and Worthington, 2007; Bunchuan, 2006). Finally, Islamic banking caters not only for the Muslim population but also for many non-Muslims who avail themselves of the Islamic banking system (Bunchuan, 2006; Dusuki and Abdullah, 2007).
This thesis documents the results of a research project investigating the existence of three sets of relationships in two different types of Jordanian banks, one conventional and one Islamic. The central issue is the relationships in Jordanian banks, one not Shariah compliant, between three factors and financial performance mediated by customer satisfaction. The Jordanian Islamic bank examined in this study practises only Shariah compliance in its dealings. Therefore, the first set of these relationships examined will vary depending upon the bank examined. For the Jordanian Islamic bank, the first set of these relationships was the direct relationship between each of the specifically described bank services [general services, corporate social responsibility (CSR) services, and Shariah compliance services] and financial performance.

For the Jordanian conventional bank, the first set of relationships examined was the direct relationship between each of the specifically described bank services [general services and corporate social responsibility (CSR) services] and financial performance.

Separate direct relationships, based upon the same segmentation as mentioned above, between each of these specifically described bank services and customer satisfaction formed the second set of relationships examined in this study. Finally, the study investigated a third set of relationships: between customer satisfaction and financial performance.

This chapter has six sections. Firstly, the primary issues that motivated the study are discussed. Secondly, an overview of the discussion about the research gaps in the literature, resulting from the limited and inconsistent evidence of prior studies, is addressed. A summary of research into the three sets of relationships mentioned earlier in this section is also provided in the second section. Thirdly, the objectives of this study are stated and fourthly the research problems are presented. The contributions of this study’s findings and the organisation of this thesis are explained, respectively, in the fifth and sixth sections.

1.1 Motivation for the study
Prior studies in developing/developed, Arab/Asian Muslim countries agreed on the importance of Shariah law compliance but showed inconsistencies in findings about
quality service in Islamic banks as a determinant of customer satisfaction (Tahir and Ismail, 2005, in Malaysia; Bley and Kuehn, 2004; Okumus, 2005; Dusuki and Abdullah, 2007) as discussed in Chapter 2. The strong relationship of service quality and customer satisfaction in both conventional and Islamic banks motivated the inclusion of general service quality as a determinant of customer satisfaction and financial performance in the study. These inconsistent findings for normal bank services and customer satisfaction, and financial performance motivated the present study to build further evidence for or against these differences.

Bank selection was usually related to religious motivation with the exception of Asian Muslims in Malaysia (Heron et al, 1994) and early findings in Jordan by Erol and El-Bdour (1989) and Erol et al. (1990 and Egypt Hegazy (1995) where customer service was more important. Later studies, Metwally (1996) found religious motivation was the most important factor in Saudi Arabia, Kuwait and Egypt. Subsequent Arabic Islamic bank studies show consistent results that religion and bank reputation (customer service) determine choice of Arab Islamic banks (Naser et al., 1999, Jordan; Al-Sultan, Kuwait, 1999) These inconsistent results support the motivation to further investigate the relationship between Sharia’h compliance and customer satisfaction.

There is also a paucity of evidence on customer attitudes about the relationship between the level of bank service performance and customer satisfaction for conventional and Islamic financial institutions. (Gait and Worthington, 2007; Othman and Owen, 2001; Jabnoun and Khalifa, 2005; Sureshchandar et al., 2001, 2002, 2003). Although the literature, reviewed in chapter 2, provides support for a relationship between customer satisfaction and financial performance, no study could be found that investigated the existence of this relationship for Jordanian Islamic or conventional banks.

Jordan was selected for this present study as it is seen as a major player in the economic and political stability of the shaky Middle East region (Naser, 1998a). Jordan’s liberal economic policy attracts Arab investors to banks from different countries in the Middle
East region. Additionally Jordan has one of the more lively stock exchanges in the region (Naser, 1998b)

Furthermore, the introduction of triple bottom line (TBL) reporting in the late 1990s has provided stakeholders with a broader set of information about organisations’ performance and this includes corporate social responsibility (CSR) performance. Brown and Dacin (1997) reported that a company’s ‘CSR products record’ impacts upon conventional bank customers’ preferences. Dusuki and Dar (2006) examined the opinion of various stakeholders for two Islamic banks in Malaysia regarding various issues of CSR about Islamic banks. Various stakeholders agreed that Islamic banks must show a higher level of CSR services compared to conventional banks because CSR services are based on the Islamic principles of Sharia’h. Another trend evident has been the shift in the focus of studies in developing nations towards the CSR and financial performance relationships, which has lately been a heavy focus of researchers in Western countries (Jamali and Mirshak, 2007). Good CSR service practices has been found to be an important factor for conventional and Islamic banks; no study could be found that investigated the existence of either the relationship between CSR service and customer satisfaction or the relationship between CSR service and financial performance for Jordanian Islamic or conventional banks.

Islamic Banking has the same purpose as conventional banks: to act as financial intermediaries between depositors and borrowers. However, in Islamic banking it is more than a depositors’ and borrowers’ relationship. It is more a partnership where banks are entrusted to invest and any profit generated will be shared (Kahn, 2000). This notion of profit and loss sharing (PLS) is a totally different concept from the conventional depositors’ and borrowers’ relationship where the depositors will receive interest based on the funds deposited into the bank’s account and borrowers pay interest on the loan received (Dusuki and Abdullah, 2007; Bunchuan, 2006). The Sharia’h compliance requirement for the Islamic bank is one of the factors that differentiate it from the conventional bank. However, there appears to be a gap in the literature because to date no research has been undertaken to examine the relationships
between Sharia’h compliance service, customer satisfaction, and financial performance in the banking industry.

In summary, there are inconsistent prior results and limited research on the banking systems of developing countries about factors influencing customer satisfaction and/or financial performance of banks in developing countries. Furthermore, Islamic compliance factors and corporate social responsibility factors have been neglected in many studies conducted in developing countries. These gaps in the research have motivated the current study. The study will examine, individually, the direct relationship between general bank services, CSR services, or Sharia’h compliance services and customer satisfaction as well as a direct relationship between these three variables and financial performance for Jordanian Islamic banks. Additionally, the study will investigate the indirect relationship between these three variables and financial performance mediated by customer satisfaction. As well, the study will examine the same direct and indirect relationships related to Jordanian conventional banks except for the Sharia’h compliance services variable.

1.2 Overview of the study
There are three stages to this study, which are described and illustrated in Figure 1.1. Three subsections are contained in this section with each sub-section composed of an overview discussion about one of the three stages of this study illustrated in Figure 1.3.

1.2.1 Stage one
The first stage of this process represents the direct relationship between the three bank services (general service, CSR, Sharia’h compliance) and customer satisfaction.

The relationship between level of service perceptions and customer satisfaction is strongly emphasised in the literature (Rust and Oliver, 1994; Levesque et al., 1996; Jamal and Naser, 2003; Arasile et al., 2005) and it is found to be highly related (Dash, 2006; Jamal
and Naser, 2002; Arasile et al., 2005). Customer satisfaction is highly related to service quality so a measure of service quality is required (Arasile et al., 2005; East, 1997; Jamal and Naser, 2002; Jamal and Naser, 2003; Rod et al., 2008). Levesque and McDongall (1996) found that the performance of the company on core and relational dimensions of service was an important driver for customer satisfaction in retail banking in the UK. This relationship is examined for both Jordanian Islamic and conventional banks.

**Figure 1.1**

**Theoretical Model direct relationships between Three Bank Services (A) (general bank services, CSR services, Sharia’h Compliance and (B) Customer Satisfaction**
Customers are willing to patronise companies committed to CSR related activities such as environmentally friendly practices, philanthropic contributions, good ethical behaviours, community commitment and employees’ good treatment (Al-Khater and Naser, 2003; Dawkins and Lewis, 2003; Dean, 2004; Maignan and Ferrell, 2004). Customers are mostly ready to sanction socially irresponsible corporations by boycotting their services and products (Maignan and Ferrell, 2004; Sen et al., 2001). They prefer to purchase products from and invest in shares of those firms caring for the environment and maintaining good citizenship behaviour and they are motivated by an organisations’ vision to serve the community irrespective of expected profitability (Classon and Dahlstrom, 2006; Hegazy, 1995). They also willing to support socially responsible companies: pay higher prices or shop at a less convenient location to buy the products of such corporations, while avoiding companies with a poor socially responsible reputation (Maignan, 2001). This relationship is examined for both Jordanian Islamic and conventional banks.

In many Islamic countries, religious groups, for example, prefer to invest their money in corporations who donate money to charitable organisations (Al-Khater and Naser, 2003). Sharia’h compliance finance service is a financial product or service complying with the main tenets of Islamic law. The Sharia’h compliant form of banking answers the needs of the Muslim population in relation to their religious obligations. No study has been done on Sharia’h compliance and customer satisfaction. This relationship is examined only for the Jordanian Islamic bank.

1.2.2 Stage two
The second stage of this process represents the direct relationship between the three bank services (general service, CSR, Sharia’h compliance) and financial performance as well as the direct relationship between customer satisfaction and financial performance. These relationships and illustrated in Figure 1.2.
Figure 1.2
Theoretical Model direct relationships between Three Bank Services (A) (general bank services, CSR services, Sharia’h Compliance, (B) Customer Stakeholder Satisfaction, and (C) Bank’s Financial Performance

Both Jordanian Islamic and conventional banks
Jordanian Islamic bank only
Duncan and Elliot (2002) found a positive and direct link between general service and financial performance. Customer satisfaction positively affects customer retention (Anderson and Mittal, 2000; Mittal and Kamakura, 2001; Hansmark and Albinsson 2004; Mququ, 2005), which leads indirectly, together with customer loyalty, to greater profitability (Anderson and Mittal, 2000; Carden and Dellifrain, 2004; Mququ, 2005; Hansemark and Albinsson, 2004) Some researchers suggest that positive social performance will lead to improved financial performance through customer loyalty (Holiday et al., 2002; (Koys, 2001; Maignan, 2001; Peterson, 2004; Ruf et al., 2001; Varadarajan and Menon, 1988; Waddock et al., 2004). This relationship is examined for both Jordanian Islamic and conventional banks.

At this time, there is no study investigating the direct relationship between the provision of Sharia’h compliance and financial performance or customer satisfaction related to Sharia’hui compliance and financial performance.

1.2.3 Stage three

Figures 1.1 illustrate the direct relationship between the three bank service factors [general service, CSR service, Sharia’hui compliance service (where applicable)] and customer satisfaction. Figure 1.2 demonstrates the direct relationship between customer satisfaction and financial performance. Collectively, these relationships shown in Figure 1.3 display the indirect (mediated) effect of customer satisfaction on the relationship between each the three bank service factors and financial performance.
Figure 1.3 Theoretical Model for the mediating effect of (B) Customer Satisfaction on the relationship between Three Bank Services (A) (general bank services, CSR services, Sharia’h Compliance, and (C) Bank’s Financial Performance

Both Jordanian Islamic and conventional banks
Jordanian Islamic bank only
1.3 Objectives of the study
The first objective is to investigate the set of relationships between three variables [general services, corporate social responsibility (CSR) services and Sharia’h compliance services (where applicable)] and customer satisfaction (as illustrated in Figure 1.1). This objective is motivated for Jordanian Islamic banks and conventional Jordanian Arab banks by the fact that, previously, some variables have been examined but provided inconsistent results, some variables have been only partially examined or some variables have not included in prior studies.

Examination of four sets of relationships is the basis for the second objective. These relationships are illustrated in Figure 1.2 and represented by (1) the relationship between three bank services variables [general services, corporate social responsibility (CSR) services and Sharia’h compliance services (where applicable)] and financial performance as well as (2) the relationship between customer satisfaction and financial performance.

The third objective of this study examined the mediating effect of customer satisfaction, on the relationships between each of three factors (general services, corporate social responsibility services, and Sharia'h compliance services) and financial performance. To achieve this objective, this research investigated the three factors [general services, corporate social responsibility services (CSR), and Sharia'h compliance services (where applicable)] and customer satisfaction relationships.

1.4 Research problems
From the discussion in sections 1.1 and 1.2 as well as the objectives identified in section 1.3, the following three (3) research problem statements have been developed for examination in this study.

Research problem statement one
There is limited evidence about whether a direct or an indirect relationship exists between general bank services and financial performance for Jordanian banks.
Research problem statement two
There is inconsistent evidence about whether a direct or an indirect relationship exists between CSR bank services and financial performance for Jordanian banks.

Research problem statement three
There is inconsistent evidence about whether a direct or an indirect relationship exists between Sharia’h compliance bank services and financial performance for Jordanian banks.

1.5 General contribution of the study
This study makes three contributions to research. The first contribution is the provision of evidence to help overcome the paucity or inconsistency of results for the separate relationships between three bank services [general services, corporate social responsibility (CSR) services, and Sharia'h compliance services (where applicable)] and satisfaction of Jordanian bank customers. A discussion about these relationships is contained in the first set of relationships discussed in section 2.1 and illustrated in Figure 1.1.

The second contribution is the provision of evidence to help add to the limited investigation, inconsistency of results, or absence of examination of the separate relationships between three bank services [general services, corporate social responsibility (CSR) services, and Sharia'h. compliance services (where applicable)] and the financial performance of Jordanian banks.

A discussion about these relationships is contained in the first set of relationships discussed in section 2.2 and illustrated in Figure 1.2.

These results from these also will extend the existing body of knowledge about the direct relationships between (1) the three bank services [general services, corporate social responsibility (CSR) services, and Sharia'h. compliance services (where applicable)] and satisfaction of Jordanian bank customers as well as (2) the three bank services [general services, corporate social responsibility (CSR) services, and Sharia'h compliance services (where applicable)] and the financial performance of Jordanian banks.
The third contribution of the study involves the calculation of the indirect effects (IE) of three bank services [general services, corporate social responsibility (CSR) services, and Sharia'h compliance services (where applicable)] and financial performance of Jordanian bank, via customer satisfaction. The third contribution of the study involves the calculation of the indirect effects (IE) of three bank services [general services, corporate social responsibility (CSR) services, and Sharia'h compliance services (where applicable)] and financial performance of Jordanian bank, via customer satisfaction. Accordingly, computation of the results for these sets of relationships discussed in section 1.3 and illustrated in Figure 1.3 will provide new evidence about the mediating effect of these relationships.

The first the provision of evidence to help overcome the paucity or inconsistency of results for the separate relationships between three bank services, The second adds to the limited investigation, inconsistency of results, or absence of examination of the separate relationships between three bank services and the financial performance of Jordanian banks The third calculation of the indirect effects (IE) of three bank services and Sharia'h compliance services (where applicable)] and financial performance of Jordanian bank, via customer satisfaction. Accordingly, computation of the results for these sets of relationships will provide new evidence about the mediating effect of these relationships.

In additional to the 3 important implications delineated above (evidence of previous results’ inconsistency; adding to limited or absent prior investigations; calculation of the indirect effects (IE) of three bank services and Sharia'h compliance services [where applicable] and financial performance via customer satisfactions) the present study offers others. First, the implications for practice in terms of the utility of good general services, corporate social responsibility services, and Sharia'h compliance services in the maintenance of sustainable business practices and customer satisfaction as an important stakeholder group. Second, the implications for government institutions include encouraging them to improve their general services and to integrate corporate social responsibility services in their business. Third, the implications for
Finally, the results provide some clarification to the specifics findings of the Sharia’h banking system. Specifically, this study adds new information to the literature: the relationships between (1) Sharia’h compliance and customer satisfaction and (2) Sharia’h compliance and financial performance in the world banking industry.

1.6 Organization of the study
This chapter provided an introduction to the current study. The remainder of this thesis is organised in the following manner. Chapter 2 reviews literature related to three bank service factors [general service, CSR service, Sharia’h compliance service (where applicable)] and customer satisfaction, and financial performance. In chapter three, the research problems are used to develop theoretical models. Variables are defined, relevant literature reviewed and discussions provided to support the hypothesised relationships among the variables, which are constructed in chapter three.

Chapter four provides a discussion about the method used to select a random sample of bank customers and a description of the piloting, development and administration of the survey. The data was gathered via a likert-scale questionnaire and computerised using an SPSS program for analysis. To reveal the results, the source of the measures selected to operationalize the variables and justification for their choice also is discudded in this chapter. The chapter concludes with the presentation and discussion of results that tested the reliability and validity for each instrument used to measure variables in this research.

Discussions are provided in Chapter five about these techniques, their underlying assumptions, as well as the advantages and limitations of the path analysis. When data collected from a Jordanian Islamic bank and a conventional Jordanian Arab bank were analysed collectively, the regression analysis produced two significant positive results: general services and corporate social responsibility services; and one positive non-significant result: Sharia’h compliance services relationship. Data was then analysed separately and the regression analysis for
responses from customers of Islamic banks, produced three significant positive (general services, corporate social responsibility services, and Sharia'h compliance services) relationship results. The regression analysis for responses from customers of Arab banks produced two significant positive (general services and corporate social responsibility services) relationship results. There is no relationship between Sharia'h compliance services and financial performance for Arab banks' customer because Arab banks do not provide Sharia'h compliance services to their customer. Additionally, results are provided for each analysis and the findings for each hypothesis are summarised.

Finally, chapter six discusses the results reported in chapter five. Implications for future research and practice and the limitations of the study are then presented. Conclusions about the current research are compiled and comments are provided about the success of this study to achieve the objectives and the contribution of the outcomes are summarised.
Chapter Two
Literature Review

2.0 Introduction
The main purpose of this chapter is to review literature related to the research issues investigated by this project. The chapter begins with a definition and explanation of the importance of customer satisfaction for the banking industry. Following is a discussion about (1) dimensions of quality for general banking services, (2) components of Sharia’h compliance services as well as (3) corporate social responsibility (CSR) services. Relevant prior research findings or stakeholder theory literature is presented to espouse the relationships between each of these three services and customer satisfaction. Additionally, literature views are offered to support the discussion about the relationship among each of these four variables (quality of general services, Sharia’h compliance services, CSR services, customer satisfaction) and financial performance.

2.1 Customer satisfaction
Customer satisfaction is a post purchase attitude formed through a mental comparison of the quality that a customer expects to receive from an exchange and the level of quality the customer perceives actually receiving from an exchange (Carden and Dellifrain, 2004). Mcquilty et al., (2000) said it is the result of an evaluative process with affective elements comparing pre-purchase expectations with perceptions of performance creating the attitudinal judgment. For the purposes of this paper, the definition of customer satisfaction includes both judgmental (intellectual/rational) responses and emotional (affective) responses because customers are human. Both factors are at work in their responses to experiences in the banking marketplace, and an emotional element is always present in any transaction.

Varying definitions of customer satisfaction arise from differing interpretations of what causes satisfaction: intellectual/rational response (e.g., Alhemoud, 2008); or an emotional response basis (e.g., Carden and Dellifrain, 2004). For example, customer satisfaction can result from any dimension, whether or not it is quality related. Judgment of satisfaction may arise from non-
quality issues such as equity, needs, and perceptions of fairness, and it requires experience with the provider or service (Taylor et al., 1994; Oliver, 1997, Alhemoud, 2008).

Customer satisfaction is both an important theoretical as well as practical issue for many: e.g., researchers, marketers, managers, accountants, and other stakeholders of organisations (Meuter et al., 2009; Naser et al., 2002; Kaplan and Norton, 2007; Jamal and Naser, 2003; Gouws, Habtezion, Vermaak and Wolmarans, 2006). This importance of customer satisfaction is linked to the likelihood that it will result in behavioural outcomes such as customer retention and commitment, increased future repeat purchases, customer spending, and creation of a mutually rewarding bond between the user and the service provider that increases customer tolerance for services’ and products’ failures (Arasile et al., 2005; Rust and Dikempe, 2008; Li, Sun, and Wilox, 2005; Homburg, Koschate, and Hoyer, 2005). In addition to the outcomes included above, other studies (e.g., Jamal and Naser, (2003); East, (1997) have added the following outcomes: providing positive word-of-mouth advertising about the organisation; increasing the likelihood of cross-and up-selling or try line extensions; attracting new customers that lower costs; and increased profitability.

2.1.1 Importance of customer satisfaction as a measure
Customer satisfaction is a baseline standard of performance in any business and may form a possible basis for a standard of excellence in judging any business organisation (Mihelis et al., 2001). Satisfied customers are central to optimal financial returns and performance (Dash et al., 2006). Globally, business organisations have been elevating slightly startled customers to a key stakeholder group through the inclusion of the customer satisfaction goal into the organisations’ strategic planning efforts (Dash et al., 2006; Hill, 1996).

Knowledge of current levels of satisfaction (which amounts in the Australian media, for example, to regular monthly speculation, disquiet and disapproval about Reserve Bank interest rate variations in particular, also fees and charges) would be useful, enabling the key determinants of satisfaction to benefit those in the industry. This would allow banks to focus and build on significant areas leading to highly satisfied customers (Alhemoud, 2008). Organisations can determine the actions required to meet discontented customers’ needs with a better
understanding of known customer perceptions about quality and non-quality issues. Organisations can also identify their own weaknesses and strengths compared with their competitors’, as well as chart out the path of their future progress to make essential improvements (Dash et al., 2006).

2.1.2 Customer satisfaction and financial performance

Customers are valuable assets whose unreliable value can be improved through long-term stream revenue, retaining customers and, as a result, increasing profitability. Building strong personal relationships with customers will certainly help reduce customer turnover and increase profitability (Carden and Dellifrain, 2004; Mququ, 2005). This happens because the cost of retaining existing customers by ensuring their satisfaction is significantly lower than the costs of acquiring new customer (Carden and Dellifrain, 2004; Tantakasem, 2006; Krishnam et al., 1998).

So customer satisfaction positively affects customer retention (Anderson and Mittal, 2000; Mittal and Kamakura, 2001; Hansmark and Albinsson (2004); Mququ, 2005, which leads indirectly, together with customer loyalty, to greater profitability (Anderson and Mittal, 2000; Carden and Dellifrain, 2004; Mququ, 2005; Hansemak and Albinsson, 2004)) because they secure future revenues (Eugene et al., 2004) lower costs and attract new customers. As valuable mobile but attached assets, satisfied customer increase profitability (Vorhies and Morgan, 2003; Carden and Dellifrain, 2004; Mququ, 2005; Tantakasem, 2006) and reduced customer turnover is advantageous (Vorhies and Morgan, 2003). To strongly demonstrate this point, Vorhies and Morgan (2003) have shown that a 5 % increase in customer retention could increase banks profitability by an average of 50 %.

In sum, the results of customer satisfaction and financial performance mean that it will likely result in behavioural outcomes such as customer retention, commitment, increased future repeat purchases, customer spending, and creation of a warm and mutually rewarding bond between the user and the service provider that increases customer tolerance for services’ and products’ failures (Arasile et al., 2005; Rust and Dikempe, 2008; Li, Sun, and Wilox, 2005; Homburg, Koschate, and Hoyer, 2005).
Other outcomes included from the above studies are increased by further studies echoing many of those already mentioned. First, customer satisfaction has been found to lead to positive word-of-mouth advertising about the organization, more likelihood of cross-and up-selling or try line extensions, and attracting new customer that lower costs, and increase profitability (Jamal and Naser, 2003; East, 1997). Second, customer satisfaction should lead customers to happily purchase more requirements from the supplying company (Kannan et al., 2000; Verhoef et al., 2001). If this happens, transaction and acquisition costs decline and revenues increase, thus improving the size of net cash flows (Eugene et al., 2004). Third, recommendation and positive word of mouth from satisfied customers are also expected to positively affect shareholder asset value (Anderson, 1998; Eugene et al., 2004). Positive word of mouth should lead to lower acquisition costs and thus to greater net cash flow (Anderson, 1998). It should also help a company penetrate new and existing markets and thus should lead to accelerated cash flows. Fourth, greater cross buying also may result from higher levels of customer satisfaction (Eugene et al., 2004; Reichheld and Sasser, 1996). Cross selling not only accelerates the timing of new cash flows but also improves net cash flows in a manner similar to supplying a greater share of customer requirements (Srivastava et al., 1999). A satisfied and loyal customer provides a ready market for new add-on product or service-line extensions. Thus customer satisfaction leads to faster market penetration and in turn, to accelerated cash flows (Eugene et al., 2004). Finally, greater customer satisfaction enables the company to charge higher prices or at least to better resist downward pressure on prices (Narayandas, 1998). Thus greater customer satisfaction may lead to greater shareholder value through increased price tolerance, even to greater share demand driving up share prices.

As one of the most important competitive factors for the future, customer satisfaction is considered to be the best indicator of a company’s profitability (Tantakasem, 2006). Additionally, customer satisfaction will help organisations create barriers to switching and improve business relationship with their customers (Anderson and Mittal, 2000). Organisations with more satisfied customers will be more successful and more profitable. For instance, satisfied customers tend to be less price-sensitive, more willing to buy additional products, and less affected by competitors (Hansemärik and Albinsson, 2004). Reinartz and Kumar (2000)
investigated the profitability of a long-life customer in a non-contractual setting and found that it is better financially to let go of some customers and focus only on the more profitable customer. Additional satisfaction-driven customer behaviour that is likely to affect shareholder value includes buying more of a particular service or product from a given service provider, buying additional services or products, making recommendations to others, and increasing price tolerance (Eugene et al., 2004). Although not all these behaviours are expected to play a role in every industry, a significant subset of factors in the paragraph above is likely to provide the underlying mechanism with which customer satisfaction affects shareholder value in any industry (Eugene et al, 2004).

Managers in financial services companies lately are placing increased emphasis on customer satisfaction to improve loyalty for long-term profitability and success (Krishnan et al., 1998; Eugene et al., 2004; Keiningham et al., 2005). To meet the needs of various segments of customers, organisations in the financial services industry offer multiple services and products through different channels of delivery (Krishnan et al., 1998). For example, services on brokerage accounts may be provided directly to a customer at a branch office, the same service may also be provided through an automated telephone call centre or through other IT channels such as computerised trading services via home personal computer over the internet.

Although the literature provided support for a relationship between customer satisfaction and financial performance, no study could be found that investigated the existence of this relationship for Islamic or conventional Jordanian banks. This study therefore will examine this missing relationship for Islamic and conventional Jordanian banks.

In the following section, the discussion will focus on some key determinants of customer satisfaction identified in the literature.

2.1.3 Determinants of customer satisfaction

Literature indicates many antecedents of customer satisfaction because the dimensions underlying judgments of satisfaction are global and not specific (Rod et al., 2008). Customer satisfaction literature has been primarily based on the confirmation paradigm which considers the
comparison of service or product performance evaluations and expectations (Good and Mountinho, 1995; Jamal and Naser, 2003).

This confirmation model treats satisfaction as a meeting of customer expectations and is related to habitual usage of products (East, 1997; Jamal and Naser, 2003) However, research on customer satisfaction has moved towards the disconfirmation paradigm: the difference between pre-purchase expectation and perceptions of post-purchase results (Rod et al., 2008). These authors identified positive disconfirmation and negative disconfirmation as the two types of disconfirmation. They state that positive disconfirmation happens when products’ performance is better than expected, which is more likely to lead to satisfaction. Conversely, negative disconfirmation happens when products’ or services’ performance is less than expected, hence customers are more likely to be dissatisfied (Rod et al., 2008).

By improving general service and product quality attributes, customer satisfaction should increase (Anderson and Mittal, 2000). The resulting increase in customer satisfaction should lead to greater customer retention and loyalty. Then, the improvement in customer retention and loyalty will lead to greater profitability (Anderson and Mittal, 2000). Other studies have found that general service quality adds to financial performance and customers’ willingness to buy additional products (Kannan et al., 2000; Verhoef et al 2001), to be less price sensitive (Narayandas, 1988) to be less affected by competitors (Hansemak and Albinsson, 2004), and to improve net cash flow size (Anderson, 1998; Eugena et al., 2004). Cross buying and, cross selling and positive word of mouth all add up in total with other factors enumerated to encourage managers to emphasize customer satisfaction for long term profitability (Krishnan et al., 1998; Eugene et al., 2004; Keiningham et al., 2005). Therefore these general service factors may directly or indirectly affect financial performance. The following sub-section of section two will discuss these relationships.

Tahir and Ismail’s (2005) results show that that customers of Islamic banks rated compliance to Sharia’h law as the most important dimension when assessing service quality. Other important factors associated with bank choice were efficient and fast services and confidentiality (Bley and Kuehn, 2004; Okumus, 2005). Dusuki and Abdullah (2007) added corporate social responsibility (CSR) bank services as a criterion to Islamic reputation and quality service.
General Service quality, Sharia’h compliance services, and corporate social responsibility (CSR) services offered by conventional or Islamic banks are potentially three key future determinants of customer satisfaction that will be the focus of the discussion for the remainder of this chapter.

2.2 General services quality dimensions and customer satisfaction
In the service literature strong emphasis is placed on the importance of service quality perceptions and the relationship between service quality and customer satisfaction (Rust and Oliver, 1994; Levesque et al., 1996; Jamal and Naser, 2003; Arasile et al., 2005). Yavas et al., (1997) examined the banking industry in Turkey and results show that customer contact personnel played a vital role in the delivery of high quality service.

Also, results of a study conducted in Kuwait with 605 retail customers revealed that customers generally are satisfied with services provided by retail banks (Alhemoud, 2008). Identifying and meeting customer demands by developing and delivering products and services is an essential part of the banking and financial services industry (Araslie, Salime, and Salih, 2005b; Arasli, Salih and Salime, 2005a; Mishkin, 2001). Banks world-wide therefore, to increase profits, are expanding across national borders towards a more integrated global banking environment, offering a diverse portfolio of competitive products and services, restructuring their services and products in order to meet the changing needs of customers and to make continuing use of rapid technology (Arasli, Salih and Salime, 2005a; Arasli, Salime and Salih, 2005b; Angur et al., 1999).

2.2.1 Intangible and tangible services: Customer discontent and SERVQUAL instruments
Services are often characterised by their inseparability, perishability, intangibility, and heterogeneity (Jamal and Naser, 2003). The implication of these characteristics is that it is usually difficult for customers to evaluate services and products (Legg and Baker, 1996) so intangibility makes it difficult for a company to understand how its customers perceive and evaluate the quality of its services (Jamal and Naser, 2003).
Lundstrom and Lamont (1976) produced ten dimensions of discontent, and nine dimensions of customer discontent in their study. Within these nine customer contentment dimensions CSR is included in Lindstrom and Lamont’s (1976, p. 377) paper “…social responsibility of business, product differentiation, and the need for more customer information”. Rugimbana, Strachan, Quazi, and Keating (2005) identified general and CSR bank services separately in their study. Therefore any discussion about business service in findings of prior studies, and more specifically bank services for this thesis, may need to be considered across both the general bank services and the CSR bank services.

Consequently, it has been argued that the quality of service is not a unidimensional construct but it incorporates various dimensions that relate to both core and augmented service offerings (Bitran and Lojo, 1993; Lewis, 1993). However, some dimensions previously considered to be dimensions of general business services may now be separated into general and CSR bank services. Parasuraman et al., (1988) described five dimensions of service quality: tangibles, assurance, empathy, responsiveness and reliability. Tangibles, assurance, empathy, and responsiveness are concerned with the service delivery process whereas reliability is mainly concerned with the outcome (Parasuraman et al., 1991). The instrument called SERVQUAL has been developed to capture and measure perceived quality. This tool provides a construct of quality as conceptualised in the service literature (Parasuraman et al., 1988). Despite criticisms (eg. Ekinci, Riley and Fife-Schaw, 1988) Buttle (1996. p.1) concluded that “It (SERVQUAL) has become widely accepted as a technology for measuring and managing service quality” (parenthesis added). Parasuraman’s five dimensions will be used in the following five subsections as a framework to examine consistencies and inconsistencies in prior research.

### 2.2.2 Tangibles general service quality dimension and customer satisfaction

Parasuraman et al., (1988, p. 23) defined Tangibles as comprising of “physical facilities, equipment, and appearance of personnel but in 1991 p. 446 (Parasuraman et al.,) extended his definition to include the quality of brochures and statements. Tangible qualities of service are the most visually obvious examples of Parasuraman’s five dimensions.

One burgeoning tangible part of the banking industry both nationally and internationally is Internet banking facilities. An increasing number of customers are becoming more sophisticated
users of technology because they have access to the latest forms of information technology on the Internet. Consequently, many financial institutions have to concentrate on increasing customer satisfaction and retention through improving the information technology component of the quality in their services and products (Arasile et al., 2005; Wang et al., 2003). Rod et al., (2008) examined the relationship among three dimensions of service quality that influence overall Internet banking service quality and its subsequent impact on customer satisfaction in the New Zealand banking industry. Results on this tangible factor revealed a significant relationship among online customer service quality, online information system quality, banking services and product quality, overall Internet banking service quality and customer satisfaction.

Customers make inferences about the service quality on the basis of tangibles (the physical layout, building, etc) that surround the service environment. The support for this argument comes from empirical evidence suggesting that the tangible, physical surroundings of the service environment can have a significant effect on customers’ affective responses and their behavioural intentions (Wakefield and Blodgett, 1999). Similarly, Dabholkar et al. (1996) reported that the tangible aspects of the company do influence customers’ perceptions of service quality. Customer satisfaction is also related to customers’ evaluation of the physical surroundings of the service environment (Jamal and Naser, 2003).

Bank personnel typically wear suits and uniforms to denote a certain professional status inspiring confidence. Uniforms identify employees visibly with their organisations. The very wide use of brochures and advertising shows this tangible as important/ successful. Bloemer et al., (1998) investigated how advertising image affected the perceived service quality and subsequent customer satisfaction leading to loyalty in a retail bank in the Netherlands. Results showed that image indirectly related to bank loyalty via perceived quality. In turn, service quality is both directly and indirectly related to bank loyalty via satisfaction. Parasuraman et al., (1991) indicated that a clearly laid out bank statement is essential to customer satisfaction because it visually, very obviously and tangibly clarifies the customer’s financial condition/situation at regular intervals.
2.2.3 Assurance general service quality dimension and customer satisfaction

Assurance has been defined as: “Knowledge and courtesy of employees and their ability to inspire trust and confidence” (Parasuraman et al., 1988, p.23) and he added in 1991 (Parasuraman et al., p. 446) the ability for customers to feel “safe in their transactions”. This definition comprises 3 elements that imply these dimensions are interrelated. First, the customer judges the dependability and accuracy (reliability dimension) of the delivered service as well as the service being delivered (Parasuraman, et al. 1991). Second, the delivery of dependable services in an accurate manner requires employees to be knowledgeable, courteous, inspiring customer trust and confidence in the service delivered, and depends on customers’ experiences of safety with the service delivery process. Accordingly, the third element is customer satisfaction, which can be based on the judgement of customers towards these components of the assurance dimensions.

For example, there is evidence available that supports strong linkages between service quality dimensions (e.g. courteous service providers) and overall customer satisfaction (Arasile et al., 2005; Levesque et al., 1996). Also, customer satisfaction and convenience gives assurance and is related to the service offering (Jamal and Naser, 2003; Levesque and McDongall, 1996).

Customer satisfaction measurements therefore are used to provide a sense of achievement, and accomplishment of the customer satisfaction goal for all employees involved in any stage of the customer service process (Mihelis et al., 1999). These same customer satisfaction measurements not only motivate the organizations’ employees to perform better and achieve higher levels of productivity but also help to promote an increased focus on customer outcomes and stimulate improvements in the work practices and processes used within the company (Dash et al., 2006; Mihelis et al., 1999). Acting honestly with customers may provide assurance to bank customers and these activities may now be classified under CSR bank services, which is not a dimension considered by Parasuraman et al., (1998, 1991).
2.2.4 Empathy general services quality dimension and customer satisfaction

Parasuraman et al., (1988, p. 23) defines empathy as the provision of caring and individual attention by the firm to its customer. In 1991 Parasuraman et al., extended this definition to include firms (1) having operating hours convenient to all their customer, (2) having the customers’ best interests at heart, (3) having an understanding of the specific needs of their customers. Employees who work with socially responsible companies see themselves as an extension of these companies, are more satisfied with their jobs and have high self-esteem because they are empathetic. Empathy with customers’ needs may now be classified under CSR bank services, which is not a dimension addressed by these authors.

Arasli et al., (2005a) analysed and compared service quality in the commercial banking sector of Cyprus. Results showed that the expectations of bank customers in both areas were not met and the largest gap was found in the empathy dimension; in other words the banks were not responding to customers’ needs.

Levesque and McDongall (1996) stated that it is likely an unsatisfactory experience will produce a passive reaction (no complaint) or a complaint because customers of retail banks mean a high switching cost. If the customer does complain, the response of the bank can lead to customer states ranging from dissatisfaction to satisfaction. Hart et al., (1990) suggest that when a supplier accepts responsibility and resolves the problem, the customer becomes “bonded” to the firm. Customer complaint handling can have an effect on both customer satisfaction and retention (Leveque and McDongall, 1996). These researchers showed the importance of empathy in achieving customer satisfaction. Banking is a high involvement industry and customer goodwill whether at retail or corporate level, is essential to the banks’ flourishing (Arasile et al., 2005).

Tahir and Abu Bakar (2007) investigated the service quality gap by comparing customers’ expectations and their actual perceptions. They also examined customer satisfaction about the service provided by commercial banks. Their findings indicated in this case that this overall service quality provided by commercial banks was below customer empathy expectations. Empathy was rated as the least important dimension, but further, these authors found customers were slightly satisfied with the overall service quality of the banks.
In Malaysia, Razak, Chong and Lin (2007) measured the service quality of a local bank and its effect on customer satisfaction and loyalty by using self-reporting questionnaires. A total of 200 customers of the bank at four branches in the state of Melaka, Malaysia participated in the study. Results confirmed the linkages between service quality and satisfaction and service quality and customer loyalty.

2.2.5 Responsiveness general service quality dimension and customer satisfaction

Responsiveness has been defined as the “willingness to help customer and provide prompt service” (Parasuraman et al., 1988, p. 23) and they later extended this definition to include employees telling customer exactly when services will be performed and never being too busy to help customer (Parasuraman et al., 1991, p. 446).

Forms of responsiveness by banks previously referred to include offering a diverse portfolio of competitive products and services, restructuring their services and products in order to meet the changing needs of customer and making continuous use of rapid technology (Arasli, et al., 2005b; Arasli, et al., 2005a; Mishkin, 2001; Angur et al., 1999). Recent studies have found that responsiveness was rated as the most important dimension because it has the highest influence on customer satisfaction (Arasli et al., 2005a; Tahir and Abu Bakar, 2007). In retail banking the convenience and competitiveness of the banks are more likely to affect the overall satisfaction levels of a customer (Jamal and Naser, 2003; Naser et al., 1996; Levesque and McDougall, 1996). However, responsiveness to customer needs may now be classified under CSR bank services. Parasuraman et al., (1998, 1991) did not consider such a dimension.

The banking industry is increasingly experiencing a high level of competition (Wang et al., 2003; Arasile et al., 2005). The highly competitive environment and rapid change within banks are pushing them to rethink their attitudes towards optimisation of service quality and customer satisfaction (Arasile et al., 2005) and to become more responsive. Consequently, customer satisfaction has been the focus of research (Jamal and Naser, 2003; Holliday, 1996). Banking is a high involvement industry and customer, whether at retail or corporate level, are essential to banks (Arasile et al., 2005) and responsiveness to individual customer, with national and
international competition increasing is a necessity for financial survival. Competitive interest rates are the most obvious indicators of responsiveness (Laroche and Taylor, 1988). The importance of the responsiveness dimension is supported by Levesque and McDongall (1996) who found customer satisfaction is likely to be influenced by the perceived competitiveness of the banks’ interest rates.

2.2.6 Reliability, general services quality dimension and customer satisfaction

Reliability is the ability for a firm to perform the promised services in a dependable and an accurate manner (Parasuraman et al., 1988, p. 23). In Parasuraman et al., (1991, p.446) he included employees having a sincere interest in solving the customers’ problems performing the promised services right the first time. Therefore, customers judge the dependability and accuracy of not only the delivered service but also the service being delivered (Parasuraman, et al. 1991). Unsatisfactory problem solving is a major reason why customers switch service providers (Hart et al., 1990; Levesque and McDongall, 1996).

Building strong relationship with customers will help reduce customer turnover and increase profitability (Carden and Dellifrain, 2004; Mququ, 2005) which only arises from a customer’s belief in a banks’ reliability. In Malaysia, Razak et al., (2007) measured the service quality of a local bank and its effect on customer satisfaction and loyalty by using self-reporting questionnaires. A total of 200 customers of the bank at four branches in the state of Melaka, Malaysia participated in the study. Results confirmed the linkages between service quality and satisfaction and service quality and customer loyalty.

2.3 Inconsistencies: quality service finding as determinates of customer satisfaction

By using the five dimensions of Parasuraman et al., (1988) as a guide it is revealed that both Levesque and McDongall (1996) and Jamal and Nasser (2003) found assurance (#2) had the largest impact on customer satisfaction. In contrast to this result, Araslie et al., (2005b) found reliability (#5) had the highest influence. More recently, Tahir and Baker (2007) designated responsiveness (#4) as the most important dimension, followed by reliability (# 5), tangibles (#1), assurance (#2) and empathy (#3).
Although Buttle (1996) acknowledged that SERVQUAL was widely accepted, he noted that from the 1,447 publications identified following his search of the keyword ‘service quality’, SERVQUAL had been a key word in 41 of these publications. He advanced 11 criticisms of SERVQUAL. One of his criticisms revolved around the lack of universality of Parasuraman et al., (1988) dimensions. He suggested that inconsistent findings about the importance of the dimensions were by prior studies because they used the instrument in different industries. The example he used to support this criticism related to the studies that used the SERVQUAL instrument to investigate different industries within the service sector. According to Buttle (1996), the analysis of these studies revealed from a single-factor solution (Babakus, Pedrick and Inhofe, 1993) to nine distinct dimensions of service quality (Carman, 1990). Therefore, while the discussion in the previous section provides a detailed description of the potential components of quality service, these components may not exist as separate dimensions as presented by Parasuraman et al. (1998, 1991).

Further, while Parasuraman et al., (1991) argued SERVQUAL is a generic instrument, Ekinic et al., (1998, p.63) add the notion of that SERVQUAL followed the North American school of thought, which differed from the Nordic European school. Their results supported their argument suggesting the SERVQUAL may need modification for studies outside North America.

Studies of Islamic banks also found service quality and customer satisfaction were strongly related (Othman and Owen, 2000; Abdullah and Kassum, 2009), however, Abdullah and Kassum (2009) added human skills service quality and customer satisfaction relationship. This inconsistency in prior results provides a motivation to include the general service quality in this study’s investigation as one of the key determinants of customer satisfaction and financial performance.

2.4 Relationship between Quality of general services and financial performance

Although prior studies discussed in sections one and two identify an association between customer satisfaction and financial performance, Soterious and Zenios (1998) initially proposed service quality impacts on performance as measured by profitability. An earlier study has
investigated this link between customer performance and financial performance measures, which were based on customers’ perception (Stafford, 1994).

There existed a research gap in the literature on this specific topic until 2002. Then in a five year empirical study of the Australian ‘Big Four’ banks and the largest credit unions in the significant relationship found in the Australian study exists in bank industry market of another country; specifically Jordan. the banking industry, all financial performance measures (return on assets, capital adequacy, expense/account ratio and interest margin) were found to correlate positively with service quality (Duncan and Elliot, 2002). This positive and direct link found between customer service and profitability (financial performance) filled a gap in research. Since service level is recognised today as a competitive weapon, the entire customer encounter was measured by SERVQUAL and its shorter and simpler alternative development, SERVPERF (Cronin and Taylor, 1992; 1994). Item examples were “Customers’ best interests at heart” and “Understand needs of customer”.

Duncan and Elliot’s (2002) result imply that customer service improvements will result in increased performance results and therefore should have a positive effect on profitability. There has been no relationship examined between general service and financial performance on either Islamic or conventional Jordanian banks. This study therefore will examine whether the significant relationship found in Australia, the most recent paper on the topic, exists in the bank industry market of another country; specifically Jordan.

2.5 Sharia’h compliance background

Islamic finance is defined as a financial product or service principally implemented to comply with the main tenets of Sharia’h (Islamic law). The chief sources of Sharia’h are the Holy Quran, Hadith, Sunna, Ijma, Qiyas and Ijtihad (Gait and Worthington, 2007; Gait and Worthington, 2008). The Holy Quran is the book of revelation given to the Prophet Muhammad while the Hadith is the narrative relating the deeds and utterances of Muhammad, and the Sunna refers to the habitual practice and behaviour of Muhammad during his lifetime. Ijma is the consensus among religion scholars about specific issues not envisaged in either the Holy Quran or the Sunna while Qiyas is the use of deduction by analogy to provide an opinion on a case
not referred to in the Quran or the Sunna in comparison with other cases referred to in the Quran and the Sunna. The Ijtihad represents a jurists’ independent reasoning relating to the applicability of certain Sharia’h rules on cases not mentioned in either the Quran or the Sunna (Gait and Worthington, 2007).

Islamic finance is one of the most rapidly growing segments of the global finance industry (Gait and Worthington, 2008). Islamic Banking has been established since 1963 in Egypt in the city of Ghamr as an experiment to cater for the needs of the Muslim populations in relation to their religious obligations (Al-Omar and Abdel-Haq, 1996). However, due to political pressure it had to close down in 1967 but the idea and concept of the interest-free banking had caught on with a number of leaders in the Muslim world. This led to the establishment of various interest free banks like The Nasser Social Bank (Al-Suwaidi, 1994).

Other countries followed the same pattern by opening their own Islamic bank. Dubai Islamic Bank was opened in 1975 as the first private Islamic institution and subsequently become the largest Islamic bank in 1987. Over three hundred Islamic financial institutions worldwide now operate in seventy-five countries (Gait and Worthington, 2008; El-Qorchi, 2005). The Islamic banking concept not only became typical of the best features of or possesses to a high degree the best features of the Middle Eastern countries, but it is now increasingly found elsewhere. This includes developing economies where the financial sector is almost entirely Islamic (Iran and Sudan) or where Islamic and ‘conventional’ financial systems coexist (Indonesia, Malaysia, Pakistan and the United Arab Emirates) (El-Qorchi, 2005). It also includes developed economies where a small number of Islamic financial institutions have been established and where large conventional banks have opened Islamic financing windows (such as in Europe and the United States) (Gait and Worthington, 2007; Bunchuan, 2006). In other words, wherever there are a significant numbers of Muslim populations there is strong demand for some form of Islamic financial institution (Bunchuan, 2006).

While Islamic finance has been practiced for many centuries in the Middle East and North Africa, it is essential to recall that only in the last thirty years have the Islamic banks been offering Sharia’h-
compliant products and such services have become more substantial and widespread (Gait and Worthington, 2008). The Islamic banking system provides people with an alternative for their banking needs apart from the conventional banking which was established centuries before (Bunchuan, 2006). Since the establishment of Islamic banking, the system was considered a niche market player catering for the special needs of the Muslim population. However, in real terms Islamic banking does not only cater for the Muslim population, but also for many non-Muslims who have taken advantage of the system. This was particularly so in the case of Brunei and Malaysia where non-Muslims comprised a large percentage of the total population (Bunchuan, 2006; Dusuki and Abdullah, 2007).

Islamic Banking has the same purpose as conventional banks: to act as financial intermediaries between depositors and borrowers. However, in Islamic banking it is more than a depositors’ and borrowers’ relationship. It is more a partnership where banks are entrusted to invest and any profit generated will be shared (Kahn, 2002). This notion of profit and loss sharing (PLS) is a totally different concept from the conventional depositors’ and borrowers’ relationship where the depositors will receive interest based on the funds deposited into the bank’s account and borrowers pay interest on the loan received (Dusuki and Abdullah, 2007; Bunchuan, 2006). The Sharia’h board within the Islamic bank is one of the factors that differentiate it from the conventional bank.

In Islamic Banks, the bank’s board of directors has no power to implement any new products until they have received Sharia’h approval (Bunchuan, 2006; Gait and Worthington, 2007). The Sharia’h board will look at all aspects of the new product in relation to the Qur’an and hadith before having a consensus for approving it as policy. However, this Sharia’h board does not have any power in approving or deciding financing applications from the banks’ customers (Bunchuan, 2006). This procedure ensures that the Islamic bank does not pursue its product innovation based on profit maximisation goals alone, but has a more balanced goal, taking into consideration the social and religious aspect of its business.
2.5.1 Prohibition of Riba
The prohibition of riba (usury) in Islam is one of the crucial factors why Islamic banking came into existence. Interest earned from deposits or charged to a loan is not permissible under Sharia’h law (Iqbal and Molyneux, 2005; Warde, 2000). Interest in whatever form is considered haram (not permissible), or in other words, making money from money is not acceptable under Islam (Ahmad, 2004; Gait and Worthington, 2007; Norman, 2002; Iqbal, 1997; Bunchuan, 2006; Iqbal and Molyneux, 2005). Money used to gain extra money without effort or labour is haram and if pursued it is as if waging war against God and His Prophet (Ariff, 1988; Norman, 2002; Ahmad, 2004; Abdul-Gafoor, 2003). Riba is not allowed due to its negative distributive justice and equity effects. Islam promotes socio-economic justice, fair and equitable treatment to everybody irrespective of their social standing (Khan, 1986; Bunchuan, 2006; Dusuki and Abdullah, 2007). Riba does not allow this interest earning activity in order to avoid social injustice (El-Gamal, 2001, Iqbal and Molyneux, 2005).

2.5.2 Prohibition of Gharar
Transactions should not have elements of Gharar (uncertainty, risk or speculation) under Islamic Banking (Gait and Worthington, 2007). Parties involved in a sale and purchase contract must understand the values of the intended transactions. Also where financing involves profit and loss sharing for an agreed venture to be transacted, any profit to be generated cannot be guaranteed at the start of the transaction (Ahmad, 2004; Bunchuan, 2006; El-Gamal, 2001). These prohibitions are to avoid uncertainty and to act as a shield for the losing parties in business dealings (Bunchuan, 2006; Iqbal and Molyneux, 2005; Abdul-Gafoor, 2003).

2.5.3 Principles of Islamic financial system
Islamic transactions following the strictest form do not allow any business that constitutes haram in the Qur’an. Riba and gharar as stated above are not the only prohibitions for the stricter form. Other practices deemed haram are all transactions related to the business of alcohol, pork, entertainment or casinos (Iqbal and Molyneux, 3005; Gait and Worthington, 2008; Abdul-Gafoor, 2003). These are deemed to be haram and Muslims must not indulge in such practices at any costs or at any time.
The Islamic financial system has four basic principles so that it does not violate these prohibitions:

1. **Risk sharing**
   Risk sharing relates to the banking term of symmetrical risk on return which will be distributed to each of the participants and is subject to the fluctuation of the economy that the transaction may face during the term of contract (Hawary et al., 2004; Gait and Worthington, 2007; Bunchuan, 2006; Iqbal and Molyneux, 2005; Abdul-Gafoor, 2003).

2. **Materiality**
   The transaction must relate or be linked to the real economic transaction so there is an essence of “material finality” which is important in the Sharia’h ruling on business transactions (Hawary et al., 2004; Gait and Worthington, 2007; Bunchuan, 2006; Iqbal and Molyneux, 2005; Abdul-Gafoor, 2003).

3. **Social justice**
   In Islamic finance, the idea of social justice is an integral part of the whole system. If there is any exploitation of any party to the transaction then it is deemed to be un-Islamic, therefore the transaction is not permissible (Hawary et al., 2004; Gait and Worthington, 2007; Bunchuan, 2006; Iqbal and Molyneux, 2005; Abdul-Gafoor, 2003).

4. **Sinful activities**
   In Islamic finance, there is totally no financing for the haram (sinful) base activities like the production of alcoholic beverages, casinos, pork related business and other types of business transactions that are not permissible under the Islamic law. Other transactions will be guided by the Sharia’h law that governs each country (Hawary et al., 2004; Gait and Worthington, 2007; Bunchuan, 2006; Iqbal and Molyneux, 2005; Abdul-Gafoor, 2003).

2.6 **Instruments of Islamic banking**
   Islamic financial system has the following products or instruments so that it does not violate these Islamic religious prohibitions.
1. Murabahah
Murabahah is known as ‘mark-up’ or ‘cost plus’ sale. It is widely used for trade and commodities. In Murabahah, the seller advises the buyer on his cost of producing the product that has been specified. Then both parties negotiate the profit margin for the products. The payment will be made in instalments that should not exceed the total cost of the products (Hawary et al., 2004; Thani et al., 2003; Gait and Worthington, 2007; Gait and Worthington, 2008; Iqbal and Molyneux, 2005; El-Qorchi, 2005).

2. Mudarabah
Mudarabah is a profit sharing concept which is similar to a limited partnership where the bank provides the funds and the entrepreneur provides his management skill and business acumen. The bank becomes the Rabb-ul-mal (capital owner) providing capital to the mudarib (entrepreneur) where the profits from the project financed are shared between them with a fixed ratio. Losses will be borne by the Rab-ul-mal and the mudarib will lose his time and effort in the project (Hawary et al, 2004; Thani et al, 2003; Gait and Worthington, 2007; Gait and Worthington, 2008; Iqbal and Molyneux, 2005; El-Qorchi, 2005; Dusuki and Abdullah, 2006).

3. Musharakah
It is commonly associated with a joint venture agreement between the bank and the owner/s of the project. In Musharakah a partnership agreement mimicking the venture capitalist approach in which partners will have certain shares in finance and management of the new joint venture. The sharing ratio is predetermined based on shares that each partner has injected into the project. In Musharakah, the profits are still dependant on the performance of the company in the near future. In this contract losses will be shared according to the share in the equity (Hawary et al, 2004; Thani et al, 2003; Gait and Worthington, 2007; Gait and Worthington, 2008; Iqbal and Molyneux, 2005; El-Qorchi, 2005; Dusuki and Abdullah, 2006; Chapra, 2004).

4. Ijarah
Ijarah is similar to leasing where the bank buys the “productive asset” first and then rents it to the users who really need it. The reason behind this purchase is that the user may be short of
funds but can make the rental payment over a period of time from the usage of the assets (Gait and Worthington, 2007; Iqbal and Molyneux, 2005; El-Qorchi, 2005; Dusuki and Abdullah, 2006; Al-Omar and Abdel-Haq, 1996). In Ijarah both parties must be well aware of the value and specification of the property before any agreement can be made. The contract is usually terminated at the end of the leasing period and the user has the option to buy at a nominal value (Iqbal and Molyneux, 2005; Gait and Worthigton, 2007; Bunchuan, 2006;).

5. **Bai Bithaman A’ajil**

This type of product involves the buying and selling of an asset, but with deferred payments for a predetermined period of time. Bai Bithaman A’ajil is one of the most popular Islamic banking transactions and is similar to Murabaha. However, the difference is that Bai Bithaman A’ajil is for buying domestic products, and therefore a more numerous kind of financing requirement, while Murabaha is widely used in international trade. In this instance a financier will buy properties or assets and then sell the assets or properties at a defined price for which the customer will pay on a deferred instalments basis. The deferred instalment payment will be predetermined and agreed by both parties (Thani et al, 2003; Gait and Worthington, 2007; Gait and Worthington, 2008; Iqbal and Molyneux, 2005; El-Qorchi, 2005; Dusuki and Abdullah, 2006; Bunchuan, 2006). The price may not be paid in advance but in some cases progress payments are agreed between the buyer and the manufacturer/contractor depending on the preference of the parties (Hawary et al, 2004; Gait and Worthington, 2007; Gait and Worthington, 2008; Iqbal and Molyneux, 2005; El-Qorchi, 2005; Dusuki and Abdullah, 2006; Noman, 2002; Bunchuan, 2006). These financing/investment products are widely used in most countries both internationally as well as in the domestic market.

6. **Istisna**

This is popularly used in project finance normally for the purchase of industrial equipment or even housing. With this instrument or product the manufacturer/contractor agrees to manufacture/build, and the finished goods are to be delivered at a given price on a given date.
2.7 Sharia’h compliance as a dimension of bank services and customer satisfaction with Islamic banks

The discussion for this section will concentrate on studies of Islamic banks and conventional banks offering Islamic banking products and services. It is acknowledged that conventional banks where Sharia’h compliance would not be practised often have strong customer satisfaction levels (Osman et al., 2005), which were discussed under section two of this chapter.

Othman and Owen (2000) investigated the relationship between service quality and customer satisfaction in Islamic banks (Kuwait Finance House). However, the authors added Sharia’h compliance as a sixth dimension of service quality. They used the SERVQUAL instrument to measure the original five dimensions of quality and added 34 items. These additional items formed what they called the CARTER model and measured Sharia’h compliance. The results revealed a strong link between service quality and customer satisfaction. The study also showed all CARTER items as validity significant and that the SERVQUAL instrument plus the CARTER model are good determinants of customer satisfaction.

Tahir and Ismail (2005) used the modified version of Parasuraman et al., (1988) SERVQUAL as proposed by Othman and Owen (2000) when they examined the level of service quality and customer satisfaction in Islamic banks in Malaysia. The results showed that service quality of the Islamic banks in Malaysia were unsatisfactory. The findings also indicated that customers of Islamic banks rated compliance to Sharia’h as the most important dimension when assessing service quality.

Amin and Isa (2008) examined the relationship between perceived service quality and customer satisfaction in Malaysian Islamic banking. Using a SEM model they started with the SERVQUAL measurement scales and added Sharia’h compliance as a sixth dimension. Participants were both Muslim and non-Muslim customer. The majority of the Islamic banking customer were satisfied with the overall service quality provided by their banks. The relationship between service quality and customer satisfaction was significant. The authors suggest that the standard model of Islamic banking service quality dimensions should consist of the five SERVQUAL dimensions in the standard model plus Sharia’h compliance. The findings also revealed that the proportion of Malaysian Muslims’ awareness of Islamic banking service and
products were high compared to non-Muslim customers. This is in contrast to results produced by a prior study of Islamic banks in Malaysia (Hamid and Norden, 2001).

In Qatar, Abdullah and Kassim (2009) conducted a cross-sectional study with 163 Islamic bank customers in Doha, Qatar to investigate the service quality dimensions of Islamic banking services. The results indicated that two service quality dimensions—human skills and empathy were both directly related to satisfaction. Osman et al., (2009) investigated service quality and customer satisfaction between the Sharia’h compliant Islamic banks and the conventional banks offering Islamic banking products and services. The findings show that Bank Islamic Malaysia Berhad (BIMB) was ranked the highest for compliance to Sharia’h law. However, for assurance, it has been ranked five and it implies knowledge and courtesy of the employees and their ability to convey trust and confidence. This indicates that least attention was given by the bank to ensure that their customers are satisfied with the services provided: a management problem. Participants in the same study investigating service quality and customer satisfaction by Osman et al., (2009) ranked Citibank Berhad as a top provider for other attributes such as reliability, assurance, empathy, and responsiveness. This indicates that Citibank Berhad has been doing very well in order to satisfy its customers. The findings also suggest that customers have a strong satisfaction level with the conventional bank Osman et al., (2009).

In summary, the literature review revealed that few studies specifically examined the impact of Sharia’h compliance on customer satisfaction with Islamic banks. Also, these studies have produced limited and inconsistent evidence about the link between Sharia’h compliance bank services and customer satisfaction. Additionally, limited research has been undertaken to study the influences of Islamic banks selection. While prior studies have found Sharia’h compliance the most important influence on bank patronage choice for some customers the studies reported unsatisfactory levels of customer service in banks (Taher and Ismail, 2005; Osman, 2009). These two studies illustrate the importance of religious motivation in choosing banks for some customers but the motivation does not necessarily lead to automatic customer satisfaction. However, there may be some findings in the literature that are indicative of customer satisfaction and therefore may act as a surrogate result for customer satisfaction. Consequently, the findings of prior studies about bank selection
will be included in the discussion of the following section because of the potential associated with customer satisfaction.

2.8 Inconsistent findings about religious motivation for bank selection

Erol and El-Bdour (1989) is considered to be the first study of customer attitudes towards Islamic banking. They conducted a quantitative study to explore the attitudes, behaviour and patronage factors of customers of both Islamic and conventional banks in Jordan. These early findings showed that factors such as efficient and fast services, the reputation and image of the bank, and confidentiality were the main factors in selecting the bank, whether Islamic or conventional. This means that a religious motivation was not important in bank selection. They also found that expansion in the number of Islamic bank branches was insignificant in determining patronage. Subsequent work by Erol et al., (1990) employed the same data with a different technical methodology with the same results. However, an additional finding of their second study was that customers of Islamic banks differed significantly from the customers of conventional banks in their viewpoint of bank pricing policies.

Heron et al., (1994) outlined the differences in the selection of conventional and Islamic banks among Muslims and non-Muslims in Malaysia. Their results revealed that religious motivation was not the main reason for Muslims patronage of Islamic banks in Malaysia, the provision of fast and high quality services was the most significant factors for both Muslims and non-Muslims in their bank selection criteria. Such findings in Malaysia are consistent with earlier studies by Erol and El-Bdour (1989) and Erol et al., (1990) in Jordan

In a study of Egyptian banks, Hegazy (1995) conducted a quantitative study with 400 customers of two banks (the Faisal Islamic bank and the conventional bank of Commerce and Development) to compare their demographic profiles. Although he concluded that the selection of an Islamic bank in Egypt is based on a religious motivation, he found that the main bank criteria for the choice of an Islamic bank were efficiency and speed of
the services, which is consistent with earlier studies (Erol and El-Bdour, 1989; Erol et al., 1990; Heron et al., 1994).

In contrast to these three earlier studies, Omer (1992) conducted a study with 300 Muslims in the UK to explore patronage factors and awareness of Islamic banking products and services. During that time, Sharia’h compliant services and products were available through an Islamic finance window at conventional banks. A high level of ignorance was apparent among Muslims in the UK regarding Islamic finance principles. He found, inconsistent with the earlier studies, that religious motivation was the most significant factor in their preference for Islamic banking products and services.

Metwally (1996) used factor analysis to investigate the attitudes of Muslims in three Arabic banking systems (Saudi Arabia, Kuwait, and Egypt) towards Islamic banks. This study found that religious motivation was the main factor in the selection of Islamic banks, which is consistent with the result of Omer (1992) in the UK and Okumkus (2005) in Turkey. Other findings of Metwally’s (1996) study revealed that Islamic banks (1) did not differ from conventional banks in the costs and benefits of the bank services and products and (2) were the same as conventional banks in terms of speed of services and staff competency.

A number of similar studies were subsequently conducted in different countries. For example in Bahrain, Metawa and Almossawi (1998) found that the factors determining the attitudes of Islamic banks’ customers were religion first then profitability. The results also showed that most of Bahraini bank customers were satisfied with the quality of services offered by the Islamic banks, especially investment accounts. Naser et al., (1999) extended the work done earlier in Jordan by Erol and El-Bdour (1989) and Erol et al., (1990). However, this more recent study found that religion and bank reputation were the most important factors motivating the patronage of Islamic banks products and services. The result by Naser et al., (1999) is in contrast to the findings in these two earlier studies in Jordan but consistent with the results of more recent studies in other countries. In Kuwait, Al-Sultan (1999) examines the attitudes of several customers
towards the services and products offered by the interest-free Kuwait Finance House. Similar to Metwally’s (1996) results, he found that adherence to Islam was the main motivating factor for Kuwaiti patronage of an Islamic bank.

In summary of the discussion in sections 3.5 and 3.6, there are inconsistent results produced by prior studies about religion as an overall primary factor in bank selection for Muslims. However, the findings of the more recent studies in various countries do support religion as either the most significant factor or one of the important factors motivating the patronage of Islamic banks products and services (Omer, 1992; Metwally, 1996; Hegazy, 1995; Heron et al., 1994; Metawa and Almossawi, 1998; Nasser, 1999; Al Sultan, 1999). These more recent results may relate to availability and use of Islamic banks due to the recent expansion internationally. Based on the review of the literature, Islamic banks must offer quality services while maintaining their Islamic reputation and credentials through the offering of Sharia’h compliant services. The banks should also embrace good customer service policies to gain full potential as a strategic tool to achieve competitive advantage, secure customer allegiance, and improve reputation. This discussion provides a motivation to investigate the relationship between Sharia’h compliance and customer satisfaction. An indirect relationship between Sharia’h compliance and financial performance through customer satisfaction is possible based on the literature reviewed in the summary in the previous paragraph and the discussion in section two. Further, the following sub-section examines the relationship between customer satisfaction and financial performance.

2.9 Relationship between Sharia’h compliance and financial performance

No published study has been located, following an extensive literature review that examined the relationship between Sharia’h compliance and financial performance in the banking industry. The absence of such evidence is another motivating factor for undertaking research. The study will examine a direct relationship between Sharia’h compliance and financial performance or an indirect relationship with financial performance through customer satisfaction.
2.10 Background to Corporate Social Responsibility (CSR)

and the first traces of evolution of the CSR concept can be seen there. The link between business and society’s welfare can be traced back to Adam Smith (1863) who is dubbed as the father of economics. In his book “Wealth of Nations” he argued that business owners in their pursuit of profits produce the greatest social good. Arguably, this could be viewed as a seminal research work which discusses the connection between society and firms CSR has a long and varied history (Anderson, 1989; Caroll, 1999; Mercer, 2003) and CSR has been a subject of debate and investigation by many researchers (Anderson, 1989; Aupperele et al., 1985; Caroll, 1999; Mercer, 2003). Several authors (Sweeney et al. 2001; Waddell in Altman and Vivander-Cohen, 2000, p6) note that a commitment by organisations to be seen as socially responsible has experienced interesting peaks and troughs over the decades. For instance it is claimed that at the turn of the 20th century, the push by corporations for social responsibility rights experienced an important peak, but towards the latter half of the 20th century, this mission appeared to lose momentum completely. Then at the dawn of the 21st century it was fuelled by the increasingly credible view that the purpose of the organisation is to enrich society as a whole not just management and shareholders (Solomon, 1992; Freeman, 1984) Corporations felt reinvigorated towards demonstrating social responsibility. According to Sweeny et al (2001), the single bottom line perspective perpetuated by Friedman in 1962 is no longer appropriate as a means for global organisations to succeed in this day and age. According to the latter authors, organisations need to clearly and transparently demonstrate a commitment to social responsibility in order to succeed. This important observation is increasingly supported in various writings (Snider et al., 2003, Maitland, 2002; Pattern, 2002; Paul, 2002; Kok et al., 2001).

2.10.1 Obligation to society

The modern era of CSR literature started with Bowen (1953). In his landmark work “Social Responsibilities of the Business Man” he defined CSR as obligations by businessmen to pursue those policies, to make those decisions or to follow those lines of action which are desirable in terms of objectives and values for our society. Arguably, Bowen (1953) marks the modern period of CSR literature (Caroll, 1999). Davis (1960), Mcguire (1963), and Frederick (1960) emphasise the different business's responsibilities to society regardless their legal and economic goals. However, CSR as defined by Davis and Blomstorm (1966) and Davis (1967) gave greater
importance to ethics. They defined CSR as obligations by a business to consider the effects of the decision and actions on the social system as a whole. Agreeing with this view, Walton (1967) argued that CSR should be pursued by a business voluntarily and transparently rather than involuntarily. These developments advance and elaborate the ethical dimension of CSR.

2.10.2 Stakeholder interests
Johnson (1971) presented a different view of CSR. Mainly, he argued that a socially responsible firm should take care of the interests of the stakeholders. In his definition, stakeholders include suppliers, dealers, local communities and the nation. He presented four views of CSR, all of which are based on a common theme of profit maximisation by a firm. Steiner (1971) in his book "Business and Society" was in disagreement with Davis (1960) and Frederick (1960). Steiner (1971) argued that fundamentally a business should be an economic entity. Wallich (1972) broadly defined CSR. According to Wallich’s definition, CSR involves three elements (1) Goal Setting (2) Deciding whether to pursue such objectives, and (3) Financing these objectives. He viewed CSR as a management process demonstrating three different and definite steps for an organisation to follow through. This view was supported by Ackerman and Bauer (1976) in their book on “Corporate Social Responsiveness”.

2.10.3 Integrations of CSR components
Zenisek (1979) proposed a definition for CSR based on the fit between business ethics and societal expectations. In his seminal work, Zenisek tried to integrate two different research streams which dominated the literature at the time. This began a heated debate on CSR among researchers from different schools of thought that has continued till now. Carroll (1979) came up with a four-part definition of CSR which integrated economic, legal, ethical and discretionary aspects of CSR. However, in his four-part definition of 1983, Carroll explained the discretionary activities as either voluntary or philanthropic. In 1990’s the concept of CSR was examined by using stakeholder and business ethics theories. This period also witnessed the emergence of various CSR-related terms which were proposed by different researchers. Examples included Corporate Associations (Brown and Dacin, 1997) Corporate Image (Barich and Kotler, 1996), Corporate Reputation (Fombrun and Shanley, 1990), Corporate Citizenship (Waddock, 2004),
Corporate Social Performance (Caroll, 1979), Corporate Social Reporting (James and Snider, 2003), and Corporate Identity (Schmitt and Pan, 1994).

### 2.10.4 Socioeconomic view supporting CSR

The socioeconomic view maintains that business is part of a wider society and enjoys enormous power in terms of controlling society’s wider resources. This power position makes business responsible beyond the economic and legal imperatives (Black and Hartel, 2004; Samli, 1992; Sen et al., 1997). The stakeholder theory was put forward by Freeman (1984) who suggested that corporations have responsibility towards a wide range of stakeholders who are directly or indirectly affected by the actions of the business. Prior research by Bowen (1953), Davis (1967), Frederick (1960), and Caroll (1979) were in support of this approach. However, researchers like Steiner (1971), Johnson (1971), take a different approach within the broad socioeconomic view. They argue that profit maximisation should be a company’s top priority and ensuring society’s welfare should be considered secondary. Researchers who support the socioeconomic view suggest that the first priority of a business should be ensuring its survival; profit maximisation only should come next. Within the socioeconomic view there seems to be different aspects expressed by different researchers. Walton (1967) pushed the concept of degree of volunteerism of corporations in their CSR activities. Davis (1967) raised the issue of ethics in CSR and put forward views which were in line with Walton. Johnson (1971) argued that a business should provide support to their stakeholders. This argument led to a definition by Freeman (1984) who presented the stakeholder approach to CSR discussed following CSR Principles, and Research Stream headings below. Arguments in favour of CSR, particularly meeting discretionary needs, usually have ethical underpinning (Davenport, 2000). Some researchers suggest that positive social performance will maximise profits while simultaneously meeting the demands of multiple stakeholders (McWilliams and Siegel, 2001). Other researchers attempt to link the intersection between social good and corporate profit (Aupperele et al., 1985; Maignan et al., 1999). Kanter (1999) suggests that socially responsible firms appear to benefit from their actions. There are definite benefits to the environment, employees and communities when organisations become socially responsible (Kanter, 1999; Sen and Bhattacharya, 2001). Holiday et al., (2002) take a stronger position suggesting that firms could not maximise their revenues unless they are effectively and responsibly engaged in CSR. Jones (1999) argues that being socially responsible
helps firms to differentiate themselves from other non-CSR competitors. As organisations consume community resources they are in return obliged to compensate the community in the form of generating jobs and other community welfare activities. An organisation that shows a positive commitment to society tends to experience an improved level of employee involvement, customer loyalty and business performance (Koys, 2001; Maignan, 2001; Peterson, 2004; Ruf et al., 2001; Varadarajan and Menon, 1988; Waddock et al., 2004). Proponents of social responsibility emphasize that the purpose of organisation is to serve larger societal stakeholders not only shareholders (Holliday et al., 2002; Holme and Watts, 2000). The final seven researchers and the latest (mainly since 2000) seem to agree that social responsibility in the wider context benefits business.

2.10.5 Principles of CSR

There are no universal rules for corporate social responsibility to apply to every organisation. Managers must decide what their companies will do. According to Steiner and Steiner (2005) the general principles of corporate social responsibility are as follows:

Companies are economic institutions run for profit. Corporations’ greatest responsibility is to provide economic benefits. They should be judged primarily on economic criteria and cannot be expected to meet purely social goals without financial incentives. However, firms must incur short-run costs to correct social problems that threaten long-term sustainability. Sometimes solving problems can be profitable.

Organisations have a duty to correct the negative social effects they cause. They should try to internalise external costs, or costs of production borne by society. For example, a factory dumping toxic material into a stream creates costs such as human and animal diseases imposed on outside parties, not on the firm or its customers. All corporations must follow multiple bodies of law, including corporation law and charity provisions, bodies of regulation that protect stakeholders, the civil and criminal law of nations, and international laws. However, obeying the law is a minimum. Law is reactive and lags behind emerging norms and duties. Managers should try to meet the legitimate needs of stakeholders. The primary responsibilities of managers are in three groups: customers, shareholders, and employees, with communities and governments also
recognised but given lesser emphasis. As the multiple demands of stakeholders sometimes conflict, each firm must set priorities.

Social responsibility varies with company characteristics such as size, type of industry, marketing techniques, locations, internal cultures, stakeholders’ demands, and managers’ values.

Organisations should accept a measure of accountability toward stakeholders and publicly report on their mandatory and voluntary actions. Reporting is most effective when it is transparent and verified by parties outside the company.

Corporate behaviour must comply with norms in an underlying social contract. To understand this contract and how it changes; managers review the directions of national policies and global norms as evidenced in legislation, regulations, treaties, trade agreements, declarations and public opinion.
2.10.6 CSR research streams

As a consequence of the debates and conflicting viewpoints above, several research streams have evolved. A literature review on CSR reveals that some researchers combine different approaches and use the same terminology with varied meanings (as found in the conceptualization section). Eventually, CSR means something that is not always the same to everybody (Votaw and Sethi, 1973). For some researchers, CSR is a liability or responsibility by a business towards society, whereas for others who adopt an ethical perspective it is a socially responsible behaviour. Carroll (1994), a prestigious scholar in CSR discipline with clear insight, comments on the CSR debate as an eclectic field with loose boundaries, multiple membership, differing training perspective, multidisciplinary, great breadth, bringing in a wider range of literature and interdisciplinary. Maignan and Ferrell (2004) classify the conceptual viewpoints coming out of CSR literature in four different research streams. 1- CSR as a Social Obligation 2- CSR as Ethics Driven 3- CSR as Managerial Process 4- CSR as a Stakeholder Obligation. For the purpose of this study, the research streams of stakeholder obligation will be discussed in detail as this study is trying to identify customer stakeholders’ perceptions with selected Jordanian banks (Islamic and conventional Arab banks) as CSR institutions and the relationship between CSR services and customer satisfaction.

2.11 CSR as a stakeholder obligation (1969 - 2006)

Ansoff (1969) was the first who used the term “Stakeholder theory” in defining the objectives of the firm. A major objective according to Ansoff was to balance the conflicting demands of various stakeholders in the firm. Johnson (1971) held the view that business should support the stakeholder.

Freeman (1984) defines stakeholders as any group or individual who can affect or be affected by the firm’s objectives. He identified and described the following two types of stakeholders. The primary stakeholders (owners, management, customers, employees, local community, and suppliers) are those whose continuing participation is important for the survival of the firm. Secondary stakeholders (the government and communities that provide infrastructure and markets, trade unions and environmentalists) are those who are not essential for the survival of the corporation despite that their actions can significantly benefit (or damage) the corporation.
Freeman (1984) categorised the development of the stakeholder concept into corporate planning, business policy models and corporate social responsibility models of stakeholder management. Freeman (1984) discussed how the dynamics of stakeholders influence corporate decisions. According to Freeman the major role of corporate management is to assess the importance of stakeholder demands in order to achieve the objectives of the firm. Ullman (1985) developed a conceptual model of corporate social responsibility activities based on the work of Freeman. He concluded that stakeholder theory provides an appropriate justification for incorporating CSR activities into strategic decision-making.

Other authors have expanded on Freeman (1984) description of the two types of stakeholders. These more detailed descriptions now include either primary stakeholders bearing some form of risk as a result of having invested some form of capital (e.g., Clarkson, 1995) or secondary stakeholders such as trade unions and environmentalists being expanded to activists who raise issues associated with corporate behaviour and practices (e.g., Dusuki and Dar, 2006). Therefore stakeholder theory suggests that firms broaden their objectives to include other goals in addition to profit maximisation. This motivation might be correlated with the firms’ survival and economic wellbeing.

2.11.1 Stakeholder theory (21st Century)

Stakeholder theory is one of the most important theories in the constructing of CSR. Generally the scholars of this view state that paying attention to the interests, rights and needs of different stakeholders of a business is a good way of inculcating socially responsible behaviour among firms (Dawkins and Lewis, 2003; Maignan and Ferrell, 2004; Ruf, Muralidhar, Brown, Janney, and Paul, 2001). Like shareholders, the stakeholders may put demands on the firms and bestow societal legitimacy (Ruf et al., 2001). If the firms do not address these demands they may face negative confrontations from stakeholders, which can lead to decreased share and therefore shareholder value, through lawsuits, protests, boycott, etc. (Ruf et al., 2001). The stakeholder approaches to CSR take a wider perspective of a firm’s responsibility, expanding the scope of classical theory. Figure 1 illustrates the different views and positions of CSR taking into account the stakeholder theory perspectives.
On the left side of the spectrum (as shown in figure 1), is the narrow view, representing the restricted view of CSR to that of the shareholder (Classical strand) which is advocated by Friedman (1992). According to this view the sole responsibility of business is profit maximisation. The scholars of this view stated that the only fiduciary obligation of the managers are to use the resources supplied by its shareholders and to concentrate on activities designed to increase profits on their behalf. On the other hand, manager’s obligation to other stakeholders (customers, employees and others) is morally significant, but not a fiduciary obligation (Goodpaster, 2001). According to the scholars of CSR, as the view of CSR has incorporated stakeholder perspectives it moves towards the right of the spectrum to better illustrate a broader view of CSR than the classical view of business responsibilities. This broadening view takes into account the multi-fiduciary obligation of a corporation by recognising its responsibilities that go beyond the shareholder-management relationship to include the meeting and satisfying of needs and demands of the different stakeholders’ interests. For example, a ‘narrowly broad’ CSR view positioning on the spectrum illustrates the firm recognising that it has social responsibilities to various stakeholders that have a direct financial connection with it: employees, customers, suppliers, and shareholders (Greenwood, 2001). Moreover, as the spectrum moves more to the extreme right, the very broad view extends the definition of stakeholders to include society and other relevant stakeholder groups. According to this view, extending the firm’s social responsibilities to include all possible effects on society is that firms have broad economic and social power. Therefore, in return for giving firms their legal status as separate entities, society is expecting from the firms a significant net positive contribution for the general good (Greenwood, 2001).
2.11.2 Stakeholders’ perception of corporate social responsibility (21st Century)

Exploring stakeholders’ perspectives of CSR is important for the following reasons:
First, it is useful to help understand the expectations of various stakeholders with respect to CSR. The organisation’s relations with all of its stakeholders should be the first concern of management. It is necessary for the firm to identify the needs, social problems, demands and interests that it must address for continued goodwill and the support of its stakeholders (Griffin, 2002; Maignan, 2001; Peterson, 2004). This in turn, provides a signal to the company on whether their CSR activities may potentially be a good marketing instrument and to avoid stakeholder boycott (Maignan and Ferrell., 2001; Peterson, 2004; Dawkins and Lewis, 2003; Orlitzky et al., 2003).

Second, stakeholder analysis can aid with ongoing evaluations of the CSR program’s effectiveness. Many earlier researchers reported that perceptions of CSR increased resources received from stakeholders. Positive perceptions towards CSR are an important factor of corporate effectiveness (Singhapakdi, Vitell, Rallapalli, and Kraft, 1996). As mentioned before, firms can achieve long-term benefits of brand enhancement, goodwill, differentiation, increased employer’s motivation, higher profitability and quality workforce retention by committing themselves to CSR activities (CSR Europe, 2001; Lantos, 2002; Maignan and Ferrell, 2004).

Research examining stakeholders’ reactions to socially responsible or irresponsible business practices remains scarce (Maignan and Ferrell, 2004). In particular, investigations have been limited in terms of stakeholders categories considered (customers, managers, and employees) (Maignan, 2001; Maignan and Ferrell, 2004). Apparently, previous research investigating stakeholders’ perceptions were carried out in more developed economies. The following sections will discuss customer perception of CSR in banking industries by reviewing the literature on customer stakeholders’ perception of CSR.

2.11.3 Stakeholder perceptions of CSR in the banking industry

CSR services may have been incorporated in prior studies either without specifically recognising the services as CSR (e.g., Parasuraman et al., 1988) or discretely (e.g., Lundstrom and Lamont, 1976). For example, Parasuraman et al., (1988) did not recognise components of the assurance,
responsiveness, and empathy dimensions of service quality as CSR but these components may now be classified as CSR services for the current study, which will examine general and CSR bank services separately. The specific recognition of CSR services occurred in Lundstrom and Lamont (1976, p.377) where it was stated that “…social responsibility of business, product differentiation, and the need for more customer information… are important factors in customer dissatisfaction”.

An extensive literature search showed that there are few studies examining different stakeholders’ perceptions with CSR initiatives in the banking industry. For example, Pomering and Dolnicar (2006) conducted a quantitative study with 415 customers of different banks in Australia to assess the comparative sensitivity of customers to different CSR activities in the banking industry. The findings demonstrated that a considerable proportion of customers would look favourably upon CSR initiatives once made aware of a firm’s initiatives. The sensitivity differs across different forms of CSR activities and it does not appear that a low level of competition and high switching costs in the banking market lead to low sensitivity to CSR activities. Peterson (2004) examined employees’ attitudes towards an organisations’ social performance involving a survey of 660 employees of a medium-sized bank. The study found that general work satisfaction was positively related to perceptions of the bank’s concern for the environment and commitment to equal work opportunities (Peterson, 2004).

### 2.12 Customer general perception of CSR

Very little research has examined the extent to which customers are willing to make an effort to support socially responsible businesses and punish irresponsible firms (Maignan, 2001). Nevertheless, a few researchers argue that perceptions of CSR may generate increased resources from one specific category of stakeholders: the customer (Maignan and Ferrell (2004). Traditionally, the factors that mattered most to customers when determining an opinion of a firm were product quality, financial performance and value for money (Dawkins and Lewis, 2003). Now, across a world-wide sample of the public, the most commonly mentioned factors relate to corporate social responsibility (e.g. treatment of employees, community involvement, environmental and ethical issues) (Al-Khater and Naser, 2003; Dawkins and Lewis, 2003). Some studies found a positive relationship between a firm’s CSR actions and customer loyalty
(Maignan, Tomas, and Hult, 1999). Other studies have also demonstrated that consumers are willing to patronise organisations committed to CSR-related activities such as environmentally friendly practices, philanthropic contributions, good ethical behaviour, community commitment and good employee treatment (Al-Khater and Naser, 2003; Creyer and Ross, 1997; Dawkins and Lewis, 2003; Dean, 2004; Maignan and Ferrell, 2004; Mason, 2000). There is evidence that customers are mostly ready to sanction socially irresponsible firms by boycotting their services and products (Classon and Dahlstrom, 2006; Maignan and Ferrell, 2004; Sen et al., 2001).

Herpen, Pennings, and Meulenberg (2003) conducted two quantitative studies to identify the underlying dimensions that consumers use to classify CSR activities and to examine the impact of CSR activities on store evaluation and trust. The findings revealed that consumers distinguish CSR activities by two dimensions: the beneficiary of the activity (organisation versus society); and the level of contribution from the organisation. The results also show that CSR perceptions are highest for activities that benefit society and that require a high level of contribution. Furthermore, it is shown that even though CSR affects both trust and evaluation of the organisation’s premises, the effect on trust is stronger than the effect on evaluation. They indicated that CSR is particularly suited to build trust. Economic activities, on the other hand, are better for obtaining a good evaluation about the organisation’s premises. From the studies reviewed above, it is concluded that customers in general support companies who practice CSR. On the other hand, customers are ready to boycott or punish companies which concentrate only on making profits for their shareholders.

### 2.12.1 CSR perceptions in the banking industry

Many studies have been conducted to investigate the reasons why customers choose to bank with specific banks (Erol and El-Bdour, 1989; Gerrard and Cunningham, 1997; Naser, Jamal, and Al-Khatib, 1999; Sudin, Norafifah, and Planisek, 1994). These studies have identified as factors: friends’ recommendation, convenience (i.e. the location), reputation of the banks, and availability of credit, competitive interest rates, friendliness of bank staff, service charges, adequate banking hours, and availability of ATM, special services and the quality of services on checking accounts. However, in the banking industry, few studies have been conducted to
investigate customer perceptions of CSR activities; specifically related to CSR activities’ impact upon customer satisfaction and financial performance.

The key stakeholders for the banks have been specifically identified as owners, depositors and borrowers (i.e., customers), depositors’ regulators and managers (Yamak and Stier, 2005). This discussion will focus on customers, in keeping with the purpose of the study. According to Reifner (1997), the needs of the customers in the banking industry are security, access, liquidity, interest and social responsibility. Hodgson (2002) and Orgizek (2002) argue that banks have an inherent social responsibility to know the customer. This understanding the customer’s requirement imposes a broad responsibility on mastery of the financial affairs of the customer. Such awareness would prevent customer from being sold inappropriate bank products or investments. The banking industry provides society with tools for managing, saving and investing money. It also provides funds for productive uses in the form of investment projects and thereby plays a role in sustainable economic and social development. Orgizek (2002) argues that banks that integrate CSR policies by investing in socially responsible investments and improving CSR awareness would achieve market benefits and competitive advantage. He further suggests that to realise any advantage from CSR a bank has to translate the CSR agenda to its core business activity. Numerous bank managers have responded to the necessity for complying with social responsibility requirements (Orgizek, 2002).

Researchers have debated the advantage and disadvantage of social responsibility in bank and other marketing efforts. The primary debate centres on the cost of investing in CSR activities and the benefits to the bank (Bloom et al., 1995). Fenn (1995) examined the result of corporate policy of banks in hiring disabled employees, the result revealed an increase in productivity and decrease in staff turnover. Bossone (2001) emphasised the public relations benefits of the bank as a result of engaging in socially responsible marketing. Green marketing and charitable causes have also been important in bank marketing (Bessone, 2001). It therefore is important to establish whether ‘green’ and charitable marketing activities are perceived by customers as actual benefits that lead to customer satisfaction and are not merely perceived by customers as public relations by banks.
In contrast, other studies show that customers prefer to purchase products from and invest in shares of those firms caring for the environment and maintaining good citizenship behaviour (Classon and Dahlstrom, 2006). This relates both to banks and business in general. For example, Maignan (2001) reported that customers in both France and Germany are more likely to incorporate society’s well-being in their purchasing decisions. They consider corporate social responsibility as an essential purchasing criterion. They are also ready to make a specific effort, such as paying higher prices or buying products at a less convenient location from companies known to be socially responsible, while avoiding purchasing from companies with a poor reputation in terms of social responsibility (Maignan, 2001).

The key moderators of consumers’ responses to CSR are the company-specific factors, such as the CSR issues a company chooses to focus on and the quality of its products, and the individual-specific factors, such as consumers’ personal support of the CSR issues and their general beliefs about CSR (Sen and Bhattachary, 2001). Bright, Egginton, Hopcraft, Lipsey, and Rales (2005) conducted a quantitative study with the customers of selected stores in Middlebury, Vermont to investigate their awareness of CSR as well as the receptiveness of the consumers to making decisions based on environmental or social responsibility. They found that 92% of customers agree that they would be influenced in their purchasing by a company’s responsibility. Customers indicated that environmental and health qualities would have a high degree of importance when making decisions about buying products from any business including the banking industry.

From the discussion presented in sections four to six of this chapter, it may be deduced that CSR bank services have an impact on customers and financial performance. The individual relationships between CSR bank services and customers as well as CSR bank services and financial performance will be discussed in the following two sections.

2.12.2 Relationship between CSR bank services and customer satisfaction
There is a dearth of literature on customers’ attitude towards conventional financial institutions, especially regarding selection criteria, service quality and customer satisfaction (Gait and
Some researchers include the social responsibility dimension in their studies of customer perception of total quality management because they considered CSR as a key element of total quality management (Sureshchandar et al., 2001, 2002, 2003). For example, Sureshchandar, Rajendran and Anantharaman (2003) investigated the critical factors of customer-perceived service quality in the Indian banks (Public, private and foreign banks). These factors are core services of service products, human element of service delivery and systematisation of service delivery (non-human element, tangibles of service and social responsibility. They surveyed 150 customer from each group of banks. The results revealed that technological factors of services, such as core service and systematisation of the services delivery, as the main factors in differentiating good and bad service, followed by corporate social responsibility and tangibles of the service. Human factors seem to play a lesser role in discriminating between the three groups of banks. On the other hand, benchmarking, continuous improvement, human resource management, technical systems, information and analysis, and top management commitment were the bottom six factors that contribute to discrimination between banks. Similarly, Sureshchandar, Rajendran, and Anantharaman (2002) reported in their study of the relationship between management’s perception and customer perception of total quality service in the banking industry in India that corporate social responsibility is one of the vital factors which positively influence customer-perceived service quality. CSR seems the major factor emerging with service quality plus a technological factor in customer satisfaction.

In many Islamic countries, religious customer groups, for example, may invest their money in firms that pay Zakat (an Islamic religious tax) and donate money to charitable organisations, they also deal with banks that do not pay or receive interest on loans (Al-Khater and Naser, 2003). Brown and Dacin (1997) reported in their study that a company’s CSR record, instead of providing information about the overall quality of its products, creates a general context for customer evaluation. They added that CSR’s impact on customer preferences for new products happens through customer overall evaluation of the company, often a partly qualitative factor. Dusuki and Abdullah (2007) conducted a quantitative study with 750 respondents from
four different regions in Malaysia to examine the main factors that motivate customer to deal with Islamic banks. This study is interesting in that it added corporate social responsibility initiatives as part of potential customer banking selection criteria. The results revealed that the selection of Islamic banks appears to be predominantly a combination of Islamic and financial reputation and quality service offered by the bank. Other factors appearing to be important include good social responsibility practices, product price and convenience. Islamic banks must offer quality services while maintaining their Islamic reputation and credentials and they should also embrace good customer service policies to gain full potential as a strategic tool to achieve competitive advantage, secure customer allegiance, and improve reputation. In the case of Islamic banks, just one study examined different stakeholder perception towards CSR. This study was conducted in Malaysia by Dusuki and Dar (2006). In their study, they surveyed 1500 respondents from two Islamic banks in Malaysia (namely Bank Islam Malaysia Berhad and Bank Muamalat Malaysia Berhad) to explore their opinion regarding various issues of CSR to Islamic banks. The respondents were various stakeholders comprising managers, employees, regulators, Islamic legal advisers, customer communities. The results showed depositors and local stakeholders agreed that social responsibility can enhance the reputation and public image of an Islamic bank and that Islamic banks must show a higher level of social responsibility compared to conventional banks, and that it should commit to social responsibility regardless of economic consequences because ultimately based on the Islamic principles of Sharia’h. The religious element is again paramount in these studies leading to support of CSR in determining customer satisfaction. However, the direct relationship between CSR bank services and customer satisfaction in studies conducted on Islamic and conventional banks has not been examined. It therefore seems timely to include an examination of the direct relationship between CSR bank services and customer satisfaction. The present study will examine this relationship Islamic and conventional Jordanian Banks.
2.12.3 Relationship between CSR bank services and financial performance

In the new millennium attention has been given to studies related to impact of CSR on the company and different stakeholders. Attention has also been directed to studies related to CSR, and financial performance. Another evident trend was the shift of focus towards developing nations, as CSR researchers have been heavily focused on Western countries (Jamali and Mirshak, 2007). Nowadays, companies try to align social needs to their core product thereby using CSR as a strategic choice. Drucker (1984) stated that a social problem can be turned into an economic opportunity. Numerous studies in the new millennium were conducted by various stakeholders involved in opinions, actions, and reactions to corporate CSR initiatives. Notable examples along such lines are Barone et al, 2000, Sen and Bhattacharya, 2001, Ellen et al, 2006, and Snider et al, 2003. So it is obvious that the CSR concept dimensions are still evolving and have not yet been definitely agreed among scholars, which leads to varied research results.

Researchers have suggested different objectives of CSR, they include “Profit-making only", "Going beyond profit-making”, “Voluntary activities”, “Concern about broader social system” and "Social responsiveness". Greater attention has been given to the two extremes, pure economic view and the socioeconomic position. Classical theory proponents of CSR viewed corporations as having one social responsibility, that of profit making. Friedman (1970) argued that it is an unfair, undemocratic, unwise, violation of trust and basically futile to expect a wider social responsibility from a business. Gaski (1985) has presented arguments that are inconsistent with Friedman’s. Other proponents of such a conventional school of thought include James (1991), Bhide and Stevenson (1990), Mitchell et al., (1997) and Ogden and Watson (1999). They modify the profit-only view by arguing that concern for profits is aligned with the interests of all who have a stake in the firm. In certain conditions satisfying such interests would have the effect of maximising shareholder value. An adequate level of investment in philanthropy and social activities is also acceptable for the sake of profits (McWilliams and Siegel, 2001) - mapping the territory of CSR theories. Windsor (2001) pointed out wealth creation dominates managerial conception of CSR. The researchers who are in support of this school of thought argue that managers' prime responsibility is running a business for the best interest of the shareholders, i.e. maximising the financial returns. Friedman argues that the expenses related to social responsibility activities have to be ultimately passed on either to customer as higher prices
or to shareholders as lesser income. The primary argument against CSR is that managers do not have the authority to allocate organisational resources to efforts that will not produce shareholder value (Friedman, 1971). The rights of shareholders hold primacy over the needs of others. Some managers believe that focusing on CSR may be inconsistent with shareholder's interest and may not maximise shareholder value (McWilliams and Siegel, 2001). Some studies have revealed that managers have negative opinions regarding social responsibility such as the perception of wasting resources and lack of funding (Vanover and Barone, 1975). Some researchers suggest that the construct of CSR is ill-defined and is hard to measure (Entine, 2003; Rowley and Berman, 2000). This latter suggestion could be a logical reason for so many differing views, since a universally accepted definition has not been agreed upon; researchers are looking at profit versus social responsibility arguments.

Recently, employees, customer, community groups, suppliers, governments, and some shareholders have encouraged companies to undertake additional investments in corporate social responsibility (McWilliams and Siegel, 2000). Some companies have resisted, suggesting that additional investment in CSR is inconsistent with their efforts to maximise profits. Others firms have responded to these concerns by putting more resources into CSR. The resulting controversy has pushed researchers to examine the relationship between CSR and financial performance. Attempts to statistically examine the relationship between corporate social performance and financial performance have established that the relationship is complex (Carroll, 2000; Griffin and Mahon, 1997; Orlitzky et al., 2003; Simpson and Kohers, 2002). Nevertheless, a better understanding of the relationship between corporate social performance and financial performance would be invaluable directly or indirectly to shareholders, managers, and all of the stakeholders (Simpson and Kohers, 2002). Several authors, such as Kotler and Lee (2005) state that CSR leads to profitability in the long run. For example, Ullmann (1985) conducted a meta-analysis of 13 studies to investigate the relationship between CSR and financial performance. He found that 8 studies reported a positive association between CSR and financial performance, one reported a negative association, and four reported no measurable association. Similarity, Pava and Krausa (1996) found a clear tendency between CSR and financial performance. They reviewed 21 studies and they found that twelve studies reported positive association between CSR and financial performance, one study reported a negative association, and eight reported no
measurable association. also examined the long-term financial performance of a group of 53 Pava and Kraus (1996) firms who have been identified by the Council on Economic Priorities (CEP) as being socially responsible and they compared their performance to a control sample matched by both industry and size. The findings revealed that there is almost no evidence that firms which are screened on the basis of social responsibility criteria performed worse than other firms. In contrast, there is some evidence to suggest a positive association between social responsibility and financial performance. As well, many other studies found a positive relationship between social responsibility and financial performance (Preston and O'Bannon, 1997; Roman, Hayibor., and Agle, 1999; Stanwick and Stanwick, 1998). Simpson and Kohers (2002) examined the relationship between corporate social responsibility and financial performance. The unique contribution of their study is the empirical analysis of a sample of companies from the banking industry and the use of the Community Reinvestment Act rating as a social performance measure. They found in their empirical analysis that there is a positive association between corporate social responsibility and financial performance. Similarly, the instrumental stakeholder theory (for example, Freeman, 1984; Cornell and Shapiro, 1987; Donaldson and Preston, 1995; Mitchell et al., 1997) suggests a positive association between corporate social performance and financial performance. According to stakeholder theory, the satisfaction of different stakeholder groups is instrumental for organisational financial performance (Orlitzky et al., 2003).

Based on the foregoing discussion, it appears that different stakeholders support companies that integrate CSR in their business and in their interactions with different stakeholders. Customers are more loyal to corporations who practice CSR by patronizing them and purchasing their products. On the other hand they are ready to boycott socially irresponsible companies. Increasingly, investors are investing in socially responsible firms. The body of evidence above consistently supports the relationship between CSR services and financial performance.

Stakeholder agency theory suggests that the explicit and implicit negotiation and contracting processes entailed by bilateral, reciprocal stakeholder-management relationships acts as monitoring and enforcement mechanisms that prevent managers from diverting attention from broad organisational financial goal (Orlitzky et al., 2003). Furthermore, the managers can
increase the efficiency of their organisation’s adaptation to external demands by addressing and balancing the claims of multiple stakeholders (Freeman and Evan, 1990). Like stakeholder theory, slack resources theory also proposes a positive relationship between corporate social performance and financial performance (Waddock and Graves, 1997). According to this theory, prior corporate financial performance is directly associated with subsequent corporate social performance. Prior high levels of financial performance may provide the slack resources important to engage in corporate social responsibility (Waddock and Graves, 1997).

Briefly, a tension exists between companies who wish to maximize profits and those who encourage CSR investment (McWilliams and Siegel, 2000). It is invaluable to stakeholders (Simpson and Kohers, 2002). Four researchers agree the relationship is complex, but several studies, Ullman (1985); Pava and Kraus (1996); Simpson and Kohers (2002) found positive, if sometimes long term, relationships between CSR and financial performance. Additionally, Preston and O’Bannon, 1997; Stanwick and Stanwick (1998); Roman, Hayibor and Aigle, (1999) found a positive relationship between social responsibility and financial performance. Instrumental stakeholder theory (Freeman, 1984; Cornell and Shapiro, 1987; Freeman and Evan, 1990; Donaldson and Preston, 1995; Mitchel et al., 1997; Orlitzky et al., 2003) showed a positive association as did slack resources theory (Waddock and Graves, 1997) so generally relationships were positive despite a fear of lost profits.

While the general debate and research studies about the financial benefits that may flow from organisations that integrate CSR in its business continues to occur about CSR, no study has been identified from the literature reviewed that examined general CSR bank services or CSR bank services based on Islamic principles of Sharia’h and financial performance. Therefore this study will investigate the relationship between CSR bank services and financial performance of either conventional or Islamic Jordanian banks.

2.13 Chapter summary
The literature review dealt for the most part with writing by scholars after 1980 and it covers four sections. First is customer satisfaction: its definition the need for measurement and its determinants. Customer dissatisfaction measures were briefly touched on, then studies of
Parasuraman et al., (1988-91) five important satisfaction dimensions of tangibles, assurance, empathy, responsiveness (processes) and reliability, showed reliability (an outcome) as paramount. Inconsistencies were noted. Second was Sharia’h compliance: background, the four principles of the Islamic financial system and five instruments of Islamic banking were explained. Twenty years’ study on banks showed fast, efficient service, reputation, image and pricing were important for all, but Islamic banks were mainly chosen for religious reasons. Third, the background and inconsistent interpretation of ideas explained many differences with regard to CSR, previously incorporated in the five dimensions of service quality. The CSR profit objective and socioeconomic views were contrasted. The principles of CSR led to four research streams of which social obligation advantages were discussed at length – as an introduction to customer perception of the banking industry, the core study

Fourth, the chapter looked at inter-relationships among the four variables and financial performance. General service quality and financial performance were demonstrated in an extensive empirical study to have a positive correlation between customer service and financial performance. Sharia’h compliance and financial performance was identified as a gap in the literature this study may help to fill. Customer satisfaction was related to financial performance by customer retention which secured future revenues, established a better comparative position in the banking industry, increased customer loyalty and its ensuing advantages for stakeholders (including shareholders) and all these were mirrored in financial performance. Finally, CSR and financial performance research results showed an overall positive relationship.

2.14 Conclusion
The major inconsistencies found in the review were firstly in definitions. In customer satisfaction the degree of rational and emotional elements in a definition differed possibly because of the selection of rational and easily measurable elements as preferable for the (mainly) quantitative studies performed. General service quality and its dimensions developed to an ill-defined but often acceptable (SERVQUAL and CARTER) agreement but were still divided into profit objective and a socioeconomic view. The CSR construct, previously incorporated into the five SERVQUAL elements, showed broad long-term benefits to firms and developed to produce stakeholder theory with its perception of CSR. The few studies of customer perceptions of CSR
show positive results and again CSR perceptions in the banking industry are few, leaving gaps in the body of research knowledge. Secondly inconsistencies were found in the literature review in religious patronage, other listed factors, and customer satisfaction and service quality and financial performance. This second gap also requires further study.

Corporate social integration would improve company reputation and brand positioning, attract and retain quality employees, strengthen the economic and social systems of the company.

The body of evidence above consistently supports the relationship between satisfaction with general services, CSR services and customer satisfaction but no research has been done on the relationship of Sharia’h compliance services and financial performance. To provide some evidence to help contribute to the literature, the proposed research project will examine the hypotheses to be developed in chapter 3 using two types of banks in Jordan to make a contribution to the body of knowledge revealed in chapter two and discussed in chapter 3.
Chapter 3

Conceptual framework model and Hypotheses Development

3.0 Introduction

There are three objectives for this chapter. The first is to identify the research problems that will be the focus of this study that are based on the literature review presented in chapter 2. The second objective is to develop the first theoretical model and hypotheses that (a) the relationship between each of the three bank services (general services, CSR services, and Sharia’h compliant services) and financial performance, (b) the relationship between each of the three bank services and customer satisfaction, and (c) the mediating effect of customer satisfaction on the relationship between each of the three bank services (general quality services, CSR services, and Sharia’h compliant services) and financial performance.

3.1 Research problems

There are three research problems identified as a result of the examination of prior literature review presented in chapter 2. The first problem relates to the inconsistent findings about determinants of customer satisfaction in prior studies and the identification of only a single study that has examined the impacts of general bank service on financial performance. The lack of investigations into the relationships between either general CSR bank services or CSR bank services based on Islamic principles of Sharia'h and financial performance is the second identified research problem. The final research problem concerns the limited and inconsistent evidence about the link between Sharia'h compliance bank services and customer satisfaction as well as no published examination of the relationship between Sharia'h compliance and financial performance in the banking industry.

A discussion about these matters is provided in the following three sub-sections and culminates in the formulation of the three research problems.
3. 1.1 Research problem statement 1:

Direct and indirect relationship between general services and financial performance

Although there is extensive literature about the impact of customer satisfaction on financial performance, inconsistent results have been provided by past research concerning the general services determinants of customer satisfaction (e.g., Parasuraman et al., 1988; Levesque and McDongall, 1996; Jamal and Nasser, 2003; Araslie et al., 2005b; Tahir and Abu Baker, 2007). Similar inconsistent findings have occurred for studies of Islamic banks (e.g., Othman and Owen, 2000; Abdullah and Kassum, 2009). However, the collective results of prior studies support the proposition that general service factors indirectly affect financial performance (Anderson and Mittal, 2000; Mittal and Kamakura, 2001; Hansmark and Albinsson, 2004; Mququ, 2005; Morgan, 2003; Carden et al., 2004; Mququ, 2005; Tantakasem, 2006; Kannan et al., 2000; Verhoef et al., 2001; Anderson, 1998; Eugena et al., 2004; Krishnan et al., 1998; Keiningham et al., 2005).

General services were found to have an impact on performance measured by financial performance based on customers’ perception (Stafford, 1994; Sosterious and Zenios, 1998; Duncan and Elliot, 2002). However, there were no studies conducted on Jordan banks for this direct relationship. Further, the three factors (general services, customer satisfaction, and financial performance) have not been examined in combination to identify either the direct or indirect relationships in either conventional or Islamic banks in Jordan.

The following research problem has been identified based on the summary in this sub-section about the discussion contained in chapter 2.

There is limited evidence about whether a direct or an indirect relationship exists between general bank services and financial performance for Jordanian banks.
3.1.2 Research problem statement 2:
Direct and indirect relationship between CSR service and financial performance
Governments, stakeholders and customers have been encouraging companies to undertake additional investments in CSR (McWilliams and Siegel, 2000). However, there have been inconsistent research findings on the direct relationship between corporate social performance and financial performance (Carroll, 2000; Griffin and Mahon, 1997; Orlitzky et al., 2003; Simpson and Kohers, 2002; Kotler and Lee, 2005; Pava and Kraus, 1996).

Studies have identified that customer satisfaction is important for future banking competitiveness in the international environment and this is the best indicator of a companies’ profitability (Waddock and Graves, 1997). Also, customers’ stakeholders are more loyal to corporations who practice CSR by purchasing their products, indicating customer satisfaction, or they are ready to boycott socially irresponsible companies.

The summary of the discussions of chapter 2 for the three factors (CSR services, customer satisfaction, and financial performance), provided in this sub-section, relate to the separate examination of the relationships. This approach was necessary because no one study has examined these relationships in combination for either conventional or Islamic banks. This study will examine how CSR services influences customer satisfaction and financial performance in either conventional or Islamic banks in Jordan. The following research problem has been derived from this review of the studies discussed in chapter 2.

There is inconsistent evidence about whether a direct or an indirect relationship exists between CSR bank services and financial performance for Jordanian banks.

3.1.3 Research problem statement 3:
Direct and indirect relationship between Sharia'h compliance service and financial performance
There are inconsistent results in studies on patronage of Sharia'h compliant banks. Heron et al., (1994) outlined the differences in the selection of conventional and Islamic banks among Muslims and non-Muslims in Malaysia. Similarly to Erol and El-Bdour (1989) and Erol et al.,
(1990) in Jordan, the results revealed that religious motivation was not the main reason for Muslims’ patronage of Islamic banks. Further, the provision of fast and high quality services was the most significant factors for both Muslims and non-Muslims in their bank selection criteria. These studies in Jordan and Malaysia are different from the following ones in the rest of the Islamic world where religion is the primary factor in selection of a Sharia'h compliant bank as testified by seven different researchers enumerated in Chapter 2.

Most studies in Sharia'h compliant banks are about customer patronage and selection criteria. No study has been done on Sharia'h compliance and customer satisfaction, so some researchers may believe that customer patronage leads to customer satisfaction. Others may think differently.

Sharia'h compliance service appeared as a gap in the literature. This gap in research motivated my study because to date no research has been done about Sharia'h compliance services in the banking industry. The study may reveal a direct relationship between Sharia'h compliance and financial performance or an indirect relationship with financial performance through customer satisfaction.

This study will examine Sharia'h service influencing customer satisfaction and financial performance in either conventional or Islamic banks in Jordan. The studies discussed above lead to the research problems stated following.

There is inconsistent evidence about whether a direct or an indirect relationship exists between Sharia'h compliance bank services and financial performance for Jordanian banks.
3.2 Theoretical model

The discussion in the preceding three sub-sections identifies the three research problems to be investigated by this study. The theoretical model in Figure 3.1 illustrates these relationships. In section four, each variable to be included in this study is defined, relationships among these three bank services (general services, CSR services, and Sharia'h compliant services), customer satisfaction, and financial performance are discussed, which culminate in the development of ten hypotheses.
Figure 3.1 Theoretical Model between Three Bank Actions (A) (normal bank services, CSR services, Sharia’h Compliance, (B) Customer Stakeholder Satisfaction, and (C) Bank’s Financial Performance
3.3 Developing the discussion to support the hypotheses for the relationships among 4 variables and financial performance

3.3.1 Definition of general banking service quality

The discussion in section 2.2 of chapter 2 highlights that there is no agreement about the number of dimensions for either general services or more specifically general bank services (Bitran and Lojo, 1993; Lewis, 1993; Buttle, 1996). This dissertation adopts the definition of general bank service described by Rugimbana et al., (2005) used in their study of the Australian banking sector. They identified the range and quality of product offerings, the quality of communication between banks and their customers, and the nature of financial service delivery as the three areas of general bank service.

3.3.2 Definition of Customer Satisfaction

Customer satisfaction results in behavioural outcomes such as customer retention, commitment, creation of a mutually rewarding bond between the user and the service provider, increased customer tolerance for services and products failures, positive word-of-mouth advertising about the organisation, increased future customer spending, and it might result in more cross-and up-selling, attracting new customers, lowering costs, and greater profitability (Arasile et al., 2005; Rust and Dikempe, 2008; Li, Sun, and Wilox, 2005; Homburg, Koschate, and Hoyer, 2005).

This single definition of customer satisfaction will be used throughout this dissertation.

3.3.3 Relationship between the provision of general services and customer satisfaction

In the service literature strong emphasis is placed on the importance of service quality perceptions and the relationship between service quality and customer satisfaction (Rust and Oliver, 1994; Levesque et al., 1996; Jamal and Naser, 2003; Arasile et al., 2005). Customer satisfaction is highly related to service quality (Dash, 2006; Jamal and Naser, 2002; Arasile et al., 2005). For that research on customer satisfaction is often associated with the measurement of quality (Arasile et al., 2005; East, 1997; Jamal and Naser, 2002; Jamal and Naser, 2003; Rod et al., 2008). Levesque and
McDongall (1996) found that the performance of the company on core and relational dimensions of service was an important driver for customer satisfaction in retail banking in the UK.

Many studies mentioned in the Chapter 2 literature review have identified a number of factors that influence customer satisfaction with banks. These include confidentiality of the bank, the provision of fast and efficient services, banks’ reputation and image, price of services, availability of ATM, accessibility of the branches, staff competency and treatment.

To explore Jordanian bank customers’ level of satisfaction about this issue, the study proposes the following set of three hypotheses to be tested:

**H1.1:** There is a positive association between the provision of superior general services by Jordanian banks and customer satisfaction.

**H1.2:** There is a positive association between the provision of superior general services by Jordanian Islamic banks and customer satisfaction.

**H1.3:** There is a positive association between the provision of superior general services by Jordanian conventional banks and customer satisfaction.

### 3.3.4 CSR defined

One of the major focuses of this study is Social Responsibility. Social responsibility can be defined as business obligation that surpasses law mandates or economics’ requirements to pursue long term goals that are good for the society (Bucholz, 1990, p.13). Social responsibility adds a voluntary, ethical perspective or management perspective and focuses more on long term goals (Wartick and Cochran, 1985). Zenisek (1979) proposed a definition for CSR based on the fit between business ethics and societal expectations. Rugimbana et al., (2005) included bank practices and services that have emerged in response to social, economic and government forces in their study of the Australian banking sector.

In addition to these general CSR bank services adopted in response to social, economic and government forces, the current study includes the Sharia'h guidance principles related to CSR. These additional CSR bank services are not offered universally by banks but only by Islamic banks and conventional banks that operate a
window for Islamic bank services.\(^1\) Consequently the definition for CSR bank service for this study will include both the general CSR services described in this section as and the CSR bank services based on Islamic principles of Sharia'h.

In the new millennium the attention has been given to studies related to the impact of CSR on companies and different stakeholders. Attention has also been paid to studies related to CSR financial performance, and profitability.

### 3.3.5 Relationship between the provision of CSR services and customer satisfaction

Most studies have reported that customers are willing to patronise companies committed to CSR related activities such as environmentally friendly practices, philanthropic contributions, good ethical behaviours, community commitment and employees’ good treatments (Al-Khater and Naser, 2003; Dawkins and Lewis, 2003; Dean, 2004; Maignan and Ferrell, 2004). Customers are mostly ready to sanction socially irresponsible corporations by boycotting their services and products (Maignan and Ferrell, 2004; Sen et al., 2001).

On the other hand, customers prefer to purchase products from and invest in shares of those firms caring for environment and maintaining good citizenship behaviour, and the preference is motivated by the organisations’ vision to serve the community irrespective of expected profitability (Classon and Dahlstrom, 2006; Hegazy, 1995). They also willing to support socially responsible companies: pay higher prices or shop at a less convenient location to buy the products of such corporations, while avoiding companies with a poor socially responsible reputation (Maignan, 2001). In many Islamic countries, religious groups, for example, prefer to invest their money in corporations who donate money to charitable organisations (Al-Khater and Naser, 2003).

---

\(^1\) For this thesis, the term Islamic bank services shall include Islamic bank products that are used to deliver services that meet Muslims’ obligations under Sharia'h guidance principles and Sharia'h compliance.
To explore Jordanian bank customers’ level of satisfaction about this issue, the study proposes the following set of three hypotheses to be tested.

**H2.1:** There is a positive association between the provision of a high level of socially responsible services by Jordanian banks and customer satisfaction.

**H2.2:** There is a positive association between the provision of a high level of socially responsible services by Jordanian Islamic bank and customer satisfaction.

**H2.3:** There is a positive association between the provision of a high level of socially responsible services by Jordanian conventional banks and customer satisfaction.

### 3.3.6 Definition of provision of Sharia’h compliance services

For Sharia’h compliance finance, service is defined as a financial product or service principally implemented to comply with the main tenets of Islamic law. The chief sources of Sharia'h are the Holy Quran, Hadith, Sunna, Ijma, Qiyas and Ijtihad (Gait and Worthington, 2007; Gait and Worthington, 2008). So this Sharia'h compliant form of banking answers the needs of the Muslim population in relation to their religious obligations. Sharia'h compliant bank services are offered by Islamic banks and conventional banks in some non-Muslim countries that operate a window for Islamic bank services.

The four principles, detailed in chapter 2, include risk sharing, materiality, no unfair benefitting or sinful activities using the five instruments of Murabah, Mudarabah, Musharakah, Ijarah, and Bai Bitham’ A’ajil; also detailed at length in Chapter 2.

### 3.3.7 Relationship between the provision of Sharia’h compliance services and customer satisfaction

Four studies in two countries showed a negative relationship between religion and Islamic bank patronage e.g. Erol and El-Bdour (1989), Hamid and Nordin (2001) in Jordan and Malaysia. Of twelve studies in the Islamic world eight reported a positive relationship that the provision of Islamic products and services was the main factor influencing customers’ patronage. As well, in Islamic countries, many people prefer
to invest their money in corporation that pay Zakat (an Islamic religious tax) and they prefer to patronise banks that do not pay or receive interest on loans.

No study has been done on Shariah compliance and customer satisfaction. This will be the first research on this topic. However, given the positive influence of Shariah product offerings on bank choice in the majority of mentioned prior studies, it may be argued that there is a nexus between customer patronage and customer satisfaction. However, Shariah compliant bank services are offered by Islamic banks and conventional banks that operate a window for Islamic bank products but not by conventional banks. Therefore, this associate will not exist for Jordanian conventional banks. Consequently, there will not be an association between Shariah compliant bank services and customer satisfaction for all Jordanian banks.

To explore the level of customer satisfaction about this issue for Jordanian bank, the study proposes the following set of two hypotheses to be tested:

\[ H_3: \text{There is a positive association between the provision of Shariah compliance services and customer satisfaction for Jordanian Islamic banks.} \]

3.3.8 Direct and Indirect relationships between the provision of general services and financial performance.

Duncan and Elliot (2002) found a positive and direct link between bank customer service and financial performance. This is the only published study located during an extensive literature review.

Other general service adds to financial performance; existing customers will contribute to increased financial performance through their willingness to buy additional products (Kannan et al., 2000; Verhoef et al., 2001), their adopting a less price sensitive attitude (Narayandas, 1998), and they are less affected by competitors’ enticements (Hansemann and Albinsson, 2004). These customer behaviors and attitudes improve net cash flow size (Anderson, 1998; Eugena et al., 2004). The resulting improvement in customer retention and loyalty (resulting from general services) will lead to greater profitability (Anderson and Mittal, 2000). Cross buying and cross selling and positive word of mouth all add up in total with other factors enumerated to emphasize customer satisfaction bringing long term profitability (Krishnan et al., 1998; Eugene et al., 2004; Keiningham et al., 2005).
In summary, only one study has been conducted to test the direct relationship between bank service and financial performance for a conventional bank. Therefore, an investigation is warranted into this relationship. This study will therefore conduct an investigation into the direct relationship between bank service and financial performance for both Jordanian Islamic and conventional banks. Also, past research, identified in this section, supports an indirect relationship between general service factors and financial performance that is affected by customer satisfaction. This indirect relationship will be examined by this study for both Jordanian Islamic and conventional banks.

To explore these issues, the present study proposes the following set of three direct hypotheses and set of three indirect hypotheses to be tested:

\[ H_{4.1}: \text{There is a positive relationship between the provision of superior general services by Jordanian banks and financial performance.} \]

\[ H_{4.2}: \text{There is a positive relationship between the provision of superior general services by Jordanian Islamic banks and financial performance.} \]

\[ H_{4.3}: \text{There is a positive relationship between the provision of superior general services by Jordanian conventional banks and financial performance.} \]

\[ H_{5.1}: \text{There is a positive relationship between the provision of superior general services by Jordanian banks and financial performance mediated by customer’s satisfaction.} \]

\[ H_{5.2}: \text{There is a positive relationship between the provision of superior general services by Jordanian Islamic banks and financial performance mediated by customer’s satisfaction.} \]

\[ H_{5.3}: \text{There is a positive relationship between the provision of superior general services by Jordanian conventional banks and financial performance mediated by customer’s satisfaction.} \]
3.3.9 Direct and Indirect relationships between the provision of CSR services and financial performance

Some researchers suggest that positive social performance should be considered secondary and profit maximisation should be a company’s top priority (Steiner, 1971; Johnson, 1971). Other researchers reported a positive association between social good and corporate profit. Holiday et al., (2002) suggested that firms cannot maximise their revenues unless they were effectively and responsibly engaged in CSR. There appears to be two schools of thought about the CSR issue and examining this relationship should add to the body of evidence.

An organisation that shows a positive commitment to the society tends to experience an improved level of employee involvement, customer loyalty and business performance (Koys, 2001; Maignan, 2001; Peterson, 2004; Ruf et al., 1993; Varadarajan and Menon, 1988; Waddock et al., 2004). Different stakeholders support companies who integrate CSR in their business and in their interactions with them. Customers’ stakeholders are more loyal to corporations who practice CSR by patronizing them and purchasing their products. On the other hand they are ready to boycott socially irresponsible companies. These findings support an indirect relationship between CSR services and financial performance that is affected by customer loyalty, which would suggest customer satisfaction mediates this relationship.

Therefore, the present study proposes that organizations may pursue a profit maximisation strategy while simultaneously meeting the demands of multiple stakeholders. To explore these direct and indirect relationship issues, accordingly, the following set of three direct hypotheses and set of three indirect hypotheses are to be tested:

\[ H_{6.1}: \text{There is a positive relationship between the provision of a high level of socially responsible services by Jordanian banks and financial performance.} \]
6.2: There is a positive relationship between the provision of a high level of socially responsible services by Jordanian Islamic banks and financial performance.

6.3: There is a positive relationship between the provision of a high level of socially responsible services by Jordanian conventional banks and financial performance.

7.1: There is a positive relationship between the provision of a high level of socially responsible services by Jordanian banks and financial performance mediated by customer’s satisfaction.

7.2: There is a positive relationship between the provision of a high level of socially responsible services by Jordanian Islamic banks and financial performance mediated by customer’s satisfaction.

7.3: There is a positive relationship between the provision of a high level of socially responsible services by Jordanian conventional banks and financial performance mediated by customer’s satisfaction.

3.3.10 Direct and Indirect relationships between the provision of Sharia'h compliance services and financial performance

To date, there is no study investigating the relationship between the provision of Sharia'h compliance and financial performance. It therefore appears timely to examine this direct relationship.

As reported in the literature, retention and loyalty to the organisation will increase if customers were satisfied with any services; whether general services, socially responsible services or even Sharia'h compliance services. Retention and loyalty to the organisation has been found to increase organisational financial performance (Arasile et al., 2005; Rust and Dikempe, 2008; Li, Sun, and Wilox, 2005; Homburg, Koschate, and Hoger, 2005). These findings lead to the proposition that there is an indirect relationship between Sharia'h compliance services and financial performance that is influenced by customer retention and loyalty due to their satisfaction with the Sharia'h compliant bank services.
However, as mentioned, there will be neither an associate between Sharia'h compliant bank services and financial performance nor an indirect association mediated by customer satisfaction for all Jordanian banks.

To explore the level of customer satisfaction about this issue for Jordanian bank, the study proposes the following a set of two direct hypotheses and one indirect hypothesis to be tested:

\[ H_8: \text{There is a positive relationship between the provision of Sharia’h compliance services by Jordanian Islamic banks and financial performance.} \]
\[ H_9: \text{There is a positive relationship between the provision of Sharia’h compliance services by Jordanian Islamic banks and financial performance mediated by customer satisfaction.} \]

3.4 The relationship between customer satisfaction and financial performance

As indicated in 3.3.8, many other studies found a positive relationship between customer stakeholder satisfaction and financial performance (Preston and O'Bannon, 1997; Roman, Hayibor., and Agle, 1999; Stanwick and Stanwick, 1998). Simpson and Kohers (2002) found in their empirical analysis that there is a positive association between customer satisfaction and financial performance. Similarity the instrumental stakeholder theory (for example, Freeman, 1984; Cornell and Shapiro, 1987; Donaldson and Preston, 1995; Mitchell et al., 1997) suggests a positive association between customer satisfaction and financial performance.

To explore this issue this study proposes the following set of three direct hypotheses to be tested:

\[ H_{10.1}: \text{There is a positive relationship between customer satisfaction with Jordanian banks and financial performance.} \]
\[ H_{10.2}: \text{There is a positive relationship between customer satisfaction with Jordanian Islamic banks and financial performance.} \]
\[ H_{10.3}: \text{There is a positive relationship between customer satisfaction with Jordanian conventional banks and financial performance.} \]
3.5 Summary
The chapter introduced three research problem statements. The first statement concerns the limited evidence about whether a direct or an indirect relationship exists between general bank services and financial performance in Jordanian banks. Inconsistent evidence about whether a direct or an indirect relationship exists between CSR bank services and financial performance in Jordanian banks is the second statement. The third statement identifies the inconsistent evidence about whether a direct or an indirect relationship exists between Sharia'h compliance bank services and financial performance in Jordanian banks.

The theoretical framework model to illustrate these relationships was presented. Definitions of the variables that form part of these relationships were described. Hypotheses were then developed to enable the testing of the relationships among the four variables and financial performance.

3.6 Conclusion
The ten resulting hypotheses in this chapter were generated from the three research problem statements and the supporting literature. Testing of these hypotheses required the appropriate data gathering method, which is explained in the following chapter.
Chapter 4
Research Method

4.0 Introduction
The purpose of this chapter is to describe the research method used to gather data and the analyses undertaken to verify the data that will be used in chapter 5 to test the hypotheses developed in chapter 3. An explanation is provided in sections 4.1 and 4.2 for the method used to identify the selected banks and the process adopted to select a random sample of customers from these banks. The descriptive statistics of the targeted respondents are supplied in section 4.3. The translation of the survey instrument is explained in section 4.4, while section 4.5 presents a description of the administration of the printed survey.

Section 4.6 contains a description of the development of the survey, which will include the design questions in the survey Appendix A and an explanation for conducting the pilot study during the survey process. Details are provided in section 4.7 about the source of measures selected to operationalize the variables. Each measure discussed in section 4.7 is accompanied by a report of results used for testing the presence of underlying assumptions as well as the reliability and validity tests for each variable. Also included are the relevant statistics from orthogonal Varimax rotation factor analyses that verify the suitability of data from observable variables collected. These statistics are used to establish latent variables for analyses needed to test the hypotheses in chapter 5. Section 4.8 discusses the ethical consideration while section 4.9 summarises the relevant issues of chapter 4 to be utilised in chapter 5.

4.1 Selection of the sample
The sample to be used in the study was drawn from the selected population that is defined in Table 4.1 below, using the identified criteria: element, sampling unit, extent, and time (Malhotra, 1996, p. 304).
Table 4.1  Population Definition and Sampling Method

<table>
<thead>
<tr>
<th>Element</th>
<th>The element, from which the information is sought, is the personal bank customer of selected branches; either of an Arab or an Islamic bank.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sampling Unit</td>
<td>The sampling unit is the customers that entered either of the two Retail banks at the time of the study.</td>
</tr>
<tr>
<td>Extent</td>
<td>The extent of the research was gathering the perceptions of customers of the Jordanian Islamic bank and the Arab bank of Jordan.</td>
</tr>
<tr>
<td>Time</td>
<td>The time of the sample survey was May 2009.</td>
</tr>
</tbody>
</table>

4.2  Selection of survey nation and sample

An important criticism of prior studies that bears social cultural implications has been the lack of a thorough analysis of the environment within which the countries reside. Very often countries have been selected for research based on the ease of data collection and have therefore produced results that amount to *ex cathedra* propositions [i.e., lacking adequate analysis (Perera, 1989, p.43)] and being *atheoretic* (Smith and Bond, 1993). The latter authors point to the numerous replications of American studies that have been conducted in other countries without concern for either the vast differences in the way commercial practices have evolved in these countries or the underlying cultural or religious factors that cause these vast differences. The state of Jordan was selected with these concerns in mind.

Jordan presents a useful survey nation for the present study mainly because it is a former British colony and is also essentially a Muslim country. These influences have important implications for the commercial evolution of the banking sector. Although Arabic is the official language, conventional commercial banking practices and regulations in Jordan have developed very much along Western lines, with several retail banking organisations providing services via "established" ways (Omet and Fayyoumi, 2005). On the other hand Jordan, as an Arab country, has also witnessed the rise of Islamic banking. These two quite separate commercial developments are influenced by different factors, and as such these provide useful comparative
equivalence which is essential for a study that seeks to examine factors that affect customer satisfaction with the banking industry in Jordan.

For the current study, customers who entered either the Jordanian Islamic banks or the Arab banks of Jordan were invited to participate in the study using a form of random sampling known as cluster sampling. The sample of invited customers from each bank represents two quite distinct samples because they are either Islamic banks' customers or conventional banks' customers. These diversities provide a useful means of understanding what factors influence customer satisfaction with the banking industry in Jordan. It is expected that there will be observable differences overall (in the variations) of factors which affect customer satisfaction across the two types of banks.

4.3 Descriptive statistics of demographic data

Table 4.2 presents a summary of the following discussion about respondents' demographic information.

<table>
<thead>
<tr>
<th>Demographic characteristics</th>
<th>Sample of both banks n (%)</th>
<th>Sample of Islamic bank n (%)</th>
<th>Sample of Arab bank n (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Age Group</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19 – 31</td>
<td>95(25.3)</td>
<td>49(25.7)</td>
<td>46(25)</td>
</tr>
<tr>
<td>32 – 44</td>
<td>45(12)</td>
<td>22(11.5)</td>
<td>23(12.5)</td>
</tr>
<tr>
<td>45 – 57</td>
<td>194(51.7)</td>
<td>102(53.4)</td>
<td>92(50)</td>
</tr>
<tr>
<td>58 – 70</td>
<td>41(11)</td>
<td>18(9.4)</td>
<td>23(12.5)</td>
</tr>
<tr>
<td>Total</td>
<td>375(100)</td>
<td>191(100)</td>
<td>184(100)</td>
</tr>
<tr>
<td><strong>Gender</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>272(72.5)</td>
<td>136(71.2)</td>
<td>136(73.9)</td>
</tr>
<tr>
<td>Female</td>
<td>103(27.5)</td>
<td>55(28.8)</td>
<td>48(26.1)</td>
</tr>
<tr>
<td>Total</td>
<td>375(100)</td>
<td>191(100)</td>
<td>184(100)</td>
</tr>
<tr>
<td><strong>Religion</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Muslim</td>
<td>334(89.1)</td>
<td>191(100)</td>
<td>143(77.7)</td>
</tr>
<tr>
<td>Non-Muslim</td>
<td>41(10.9)</td>
<td>-</td>
<td>41(22.3)</td>
</tr>
<tr>
<td>Total</td>
<td>375(100)</td>
<td>191(100)</td>
<td>184(100)</td>
</tr>
<tr>
<td><strong>Education</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bachelor (or more)</td>
<td>234(62.4)</td>
<td>122(63.9)</td>
<td>112(60.9)</td>
</tr>
<tr>
<td>Diploma</td>
<td>66(17.6)</td>
<td>30(15.7)</td>
<td>36(19.5)</td>
</tr>
<tr>
<td>High school or less</td>
<td>75(20)</td>
<td>39(20.4)</td>
<td>36(19.6)</td>
</tr>
<tr>
<td>Total</td>
<td>375(100)</td>
<td>191(100)</td>
<td>184(100)</td>
</tr>
</tbody>
</table>
4.3.1 For both Islamic bank and Arab banks
The respondents' ages ranged from 19 to 64 years with both a mean and median age of 44 years, Two hundred and seventy two were male (72.5%) and 103 female (27.5%). Three hundred and thirty four (62.4) were Muslim and forty one (10.9) were non-Muslim. Qualifications of these customers varied with 234 (62.4%) holding a bachelor's degree or more, 66 (17.6%) a diploma, while 75 (20%) held high school or less scholastic achievement.

4.3.2 For the Islamic bank
The respondents' ages ranged from 19 to 64 years with both a mean and median age of 47 years, one hundred and thirty six were male (71.2%) and 55 female (28.8%). All of the respondents were Muslims. Qualifications of these customers varied with 122 (63.9%) holding a bachelor's degree or more, 30 (15.7%) a diploma, while 39 (20.4%) held high school or less achievement.

The percentage of respondents in the Islamic banks is similar to the customers' percentage data for these banks as reported by the Department of Statistics and Macro International Inc. (2006). There is no evidence from this descriptive analysis to suggest that these responses are not from participants, who consist of a fair representation of the population of customers in the Islamic banks in Jordan.

4.3.3 For the Arab bank
The respondents' ages ranged from 19 to 64 years with both a mean and median age of 45 years, one hundred and thirty six were male (73.9%) and 48 female (26.1%). One hundred and forty three (77.7%) were Muslims and forty one (22.3%) were non-Muslims. Qualifications of these customers varied with 112 (60.9%) holding a bachelor's degree or more, 36 (19.5%) a diploma, while 36 (19.6%) held high school or less.

The percentage of respondents in the Arab bank is similar to the customers' percentage data for these banks as reported by the Department of Statistics and Macro International Inc. (2006). There is no evidence from this descriptive analysis to suggest that these responses are not from participants, who consist of a fair representation of the population of customers in the Arab banks in Jordan.
The results of one way ANOVA conducted across all variables included in the current study identified no significant differences for any variable (the significance was $> 0.05$ for all variables).

4.4 Translations of survey instrument
Given that Arabic is the official business language of Jordan, the study instrument for the survey was translated from English to Arabic to minimise barriers of communication with Arabic participants. The translated version of the instrument was then back translated to ensure content and semantic validity. The translations, back translation and assessment of content and semantic validity were assessed by a panel of legal interpreters located in Irbid, Jordan. This panel also reviewed the items for clarity, relevance, comprehensiveness, comprehension, and ease of administration. This approach is expected to ensure item validity and completeness and therefore enhance understanding by respondents.

4.5 Administration of Survey
Since the respondents in the present study comprised of individual customer bankers, it is more appropriate to intercept them within the retail bank branches themselves. Customers completed the questionnaire at the branch itself within a reasonable period of time. A convenient sample of retail bank customers was recruited from two banking institutions in Irbid (the Jordanian Islamic bank and the Arab bank of Jordan). Contacts with the mangers of the selected retail banks in Irbid were made prior to conducting research in Jordan. Formal letters had been written to the CEOs of the two retail outlets. This method of ‘going to the top’ is the way of doing business in Jordan, but more importantly going through known referring persons and is similar to the method used in studies in other countries (e.g., Woods Gordon, 1985; Sands, 2006).

---

2 Verbal communication was used by the review panel to confirm their opinion to the researcher of this project. These reviewers may be contacted by e-mail, which will be provided by the researcher upon receiving any such request.

3 In 1985, this Canadian accounting firm was a member of Arthur Young International which now forms part of the ‘Big 4’ accounting firm used this method. Sands(2006) used this method for his PhD survey method.
Customers invited to participate were asked not to write their names on the questionnaires. This instruction was intended to provide assurance to customers that the identity of respondents and non-respondents was not known to the researcher.

The questionnaire also provided the necessary introduction to the potential participants. This introduction explained the voluntary nature of the confidential survey, the intended use of only aggregated data for analysis and that findings of such analyses were to be reported in this aggregated form. Also included in this questionnaire was a set of instructions on how to answer the questions.

An executive report of the aggregated results of the study will be offered to the participants upon their request. This results reporting approach will be provided as an appropriate mechanism of ethical research under the guidelines of the Human Research Ethics Committee.

At the end of the survey period, the questionnaires were downloaded into a single Excel® spreadsheet contained 414 separate rows of entered responses for the survey (211 rows for Islamic bank customers and 203 rows for customers of the Arab bank). Response rate details are provided in Table 4.3. These 414 separate rows represent 414 participants' responses because each participant's responses were allocated in a single row.
Table 4.3: Response Rate Details

<table>
<thead>
<tr>
<th></th>
<th>Arab bank</th>
<th></th>
<th>Islamic bank</th>
<th></th>
<th>Total</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
<td>%</td>
<td>No.</td>
<td>%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total number of survey</td>
<td>237</td>
<td>229</td>
<td>466</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>provided</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Responses</td>
<td>203</td>
<td>85.65</td>
<td>211</td>
<td>92.14</td>
<td>414</td>
<td>88.84</td>
</tr>
<tr>
<td>Less incomplete responses</td>
<td>19</td>
<td>8.37</td>
<td>20</td>
<td>9.52</td>
<td>39</td>
<td>8.37</td>
</tr>
<tr>
<td>Usable responses</td>
<td>184</td>
<td>77.64</td>
<td>191</td>
<td>82.87</td>
<td>375</td>
<td>80.47</td>
</tr>
<tr>
<td>Non-respondents</td>
<td>34</td>
<td>18</td>
<td>52</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Reasons for not responding*

Declined to participate after reading the information sheet that provided details of the survey: 5 (Arab bank) 7 (Islamic bank) 12

No reason provided: 29 (Arab bank) 11 (Islamic bank) 40

Therefore, 414 respondents from the 466 initial questionnaire addressees represent a response rate of 88.84% (92.14% for Islamic bank and 85.65% for Arab bank). However, 39 participants (20 from the Islamic bank and 19 from the Arab bank) did not respond to every question in the survey. These incomplete responses were discarded resulting in 375 usable responses and a response rate of 80.5%.

Fifty-two of the possible 466 both banks (Islamic bank and Arab bank) participants who were given the questionnaires containing details of the survey did not participate in the survey. During the data collection period, a 'decline to participate' questionnaire was received from twelve recipient of the questionnaire. The remaining 40 who did not respond to the questionnaires did not provide any reason for not responding.

A non-response bias test was not undertaken for the following reasons. Firstly, the response rate of 88.9% of a randomly selected sample should capture a response representative of the population. Secondly, the confidential nature of the survey prevented access to the data until the survey was completed. It was therefore not possible to identify early and late responses, which could have been used to conduct a non-response bias test.
Data were collected using the confidential mode of a printed version of survey design. A critical issue for any study is the integrity of data gathered (Tabachnick and Fidell, 2001). For data gathered using a printed version of the survey, the integrity of data available to test the hypotheses may be verified after the administration of the survey by a physical inspection of the source documents.

To complete the integrity of data tests, it is essential that the accuracy of the data exported from Excel® data file is checked (Tabachnick and Fidell, 2001). An extensive comparison of randomly selected data in the SPSS® data file to the corresponding data in the Excel® spreadsheet data file could not find any errors in the electronic transfer of data. The SPSS® data file therefore contained accurate data to enable the calculation of the descriptive statistics in section 5.3 and enable the analysis to test the hypotheses in chapter 5.
4.6 Survey Design

4.6.1 Pilot study
The customer survey was piloted for purposes of refining the final instruments. The pilot study was conducted that involved a 35 minute interview with nine first year international students from the Middle East attached to Griffith University and residing in Brisbane prior to the study, in order to discover and resolve any ambiguous or inappropriate questions. The selection of Middle Eastern students for the pilot study allowed the instrument to be exposed to ‘Arab persons’ freshly arrived from their societies and who therefore would have outlooks more akin to those in their country. This selection of first year International students from Arabic countries was simply to ensure consistency with the main survey target participants.

During each interview, participants answered questions on the survey and provided their opinions about whether or not they understood the questions and whether there were any ambiguous, vague or biased questions. Interviewees were also asked about the appropriateness of the terminology in the survey for customers of the selected banks, as well as to mention concerns that would need to be addressed before the selected banks would consider involving their customers in such a survey.

4.6.2 Post-pilot study revisions
Any comments were noted during the interview and appropriate feedback incorporated into the revised survey documents. Students interviewed during this pilot study were concerned about the possibility that the survey would divert customers' attention from getting the services they need and suggested the survey design needed to addresses this concern. These comments were partially responsible for developing the final version of the survey. Another influence for developing the final version of the survey was the increased documentation required to meet the human research ethics requirements since conducting the pilot study.

4.7 Instrument components
The following discussion identifies the measurement questions used to operationalize the concepts and variables relevant to the framework model constructed and the
hypothesis developed from the literature reviewed in chapter 2 as well as discussed and defined in chapter 3. These variables will be used to test the hypotheses. The discussion for these measurements questions for the current study follows the order of the questions as they appear in Appendix A, which is provided in both English and Arabic.

Reliability for the present study shall mean the extent of dependability, or freedom from error, of the measure (or response) in the instruments (Banker, Potter and Schroeder, 1993). Cronbach (1951) alpha is used for the current study to assess the reliability of each measure. Provision of content validity of the instrument has been fulfilled because established instruments are used in the present study. Construct validity of latent variables used for the current study was assessed by factor analysis to test how well the items selected for the dimension (s) of the variable define the construct. The dimensions (or factors) underlying a latent variable are established using an eigenvalue of greater than one as the dimension criterion. Items with a loading of 0.46 or greater for a specific factor have been incorporated into that factor (dimension) of the latent variable. 4

There are four assumptions underlying the suitability of data for factor analysis as there are 375 cases examined by the present study and 35 items are the largest set of items in any factor analysis for the current study; both criteria for the first assumption are satisfied. Kasier-Mayer-Olkin (K-M-O) value, Bartlett's test of sphericity, and Inter-Item correlation matrix for the items loaded into each factor therefore will be reported for each factor analysis related to the second assumption. Additionally, checks for a linearity relationship and the existence of outliers will be reported for the remaining two assumptions where were outliers are detected, results of additional analysis of the sensitivity of the factors to such outliers undertaken will be provided in footnotes. The computer software 'Statistical Package for the Social Science' (SPSS®) was utilised for all the analyses in chapters 4 and 5.

4 Comrey and Lee (1992) suggest the following interpretation about loadings: greater than 0.70 are excellent; 0.60 are very good; 0.55 good; 0.45 fair; and 0.32 poor.
4.7.1 Measures of general bank's services, social responsibility services and Sharia'h compliance services

The three proposed factors described in chapter 3 that impact on customer satisfaction were operationalised by using established measurement items from prior customer satisfaction studies. The Consumer Discontentment Scale (CDS) developed by Lundstrom and Lamonth (1976) was main instrument that was used to survey customers for their perceptions about general services and social responsibility services. The original pool of 82 items in the CDS consisted of both pro-business and anti-business statements. In a more recent paper entitled “Customer Discontent Revisited” (Lindstrom and White, 2006); these authors used a 41item short form version of CDS, which scored high on the reliability and consistency factors. While this number of items and both pro-business (positively worded) and anti-business (negatively worded) statements were necessary for the validity process of the CDS, a short set of items pro-business (positively worded) statements was necessary for the survey of banks.

The current study used a subset of positively worded items (18 items to measure social responsibility services and 8 to measure general services) from the CDS items and modified item wordings to reflect the objectives of the current study. Three arguments are postulated in this reduction in items. First, the current study used only positively worded items. Second, some items listed in Table 2 of Lindstrom and White (2006, p. 148)) will not be relevant for an invisible bank service (product) e.g. home loans do not have warranties or repair work. Finally, the use of performance above and below the competitor’s measure in the current survey suits the positive statements of Lindstrom and White (2006) study construct. This study therefore has adopted the 32 items used by Rugimbana, Strachan, Quazi, and Keating (2005) in their study of the banking sector. These 32 items were included in Lundstrom and Lamonth’s (1976) 82 items and were modified specifically for the banking sector. The scale was previously observed to be a reliable and valid measurement instrument with a reliability coefficient of 0.79 (Lundstrom and Lamonth, 1976; Rugimbana and Quazi, 2005).

The main measure that is used to survey customers for the Sharia'h compliance services comprised items belonging to the compliance with Islamic law dimension in
CARTER model which is developed by Othman and Owen (2001). Modifying item wording was done to reflect the objectives of the current study. The scale was previously observed to be a reliable and valid measurement instrument (Osman et al., 2009; Othman and Owen, 2001; Othman and Owen, 2002; Tahir and Abu Bakar, 2007).

Eight-point Likert-type scale was used and customers were asked to indicate the level of emphasis placed on each of the 35 items when determining their banks' general services, social responsibility services, and Shariah compliance services. A scale ranging from zero 'Not applicable' to seven 'very high performance' was attached to each item. These 35 items are contained in Appendix A.

Three distinct factors with an eigenvalues greater than one emerged following an orthogonal Varimax rotation factor analysis. These three factors are displayed in Table 4.4 ranked from top to bottom according to the proportion of explained variance of each factor. Thirty items of the 35 items exhibited factor loadings of 0.32 or above on at least one factor.

These three factors explain 66.44% of the variance. Significant K-M-O and Bartlett test result scores confirm the suitability of the data for factor analysis [Norusis, 1993a]. All eigenvalues greater than two combined with the percentage of variance explanation achieved indicate that the instrument meets the criteria for construct validity.
Table 4.4: customer satisfaction factors (including reliability and construct validity tests)

<table>
<thead>
<tr>
<th>Explanatory</th>
<th>loading</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>66.44%</strong>, <strong>K-M-O 0.935</strong>, <strong>Bartlett's Test, p&lt;.0001</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Sharia’h Compliance Factor3: Eigenvalue=9.507; Variance explained= 31.69%</strong></td>
<td></td>
</tr>
<tr>
<td>The profit-sharing, investment products offered by my bank</td>
<td>0.925</td>
</tr>
<tr>
<td>My bank’s provision of Mudaraba-based products</td>
<td>0.914</td>
</tr>
<tr>
<td>The risk-sharing products offered by my bank</td>
<td>0.923</td>
</tr>
<tr>
<td>The interest-free loans (Qard Hassana) offered by my bank</td>
<td>0.921</td>
</tr>
<tr>
<td>My bank’s provision of Bay’ Salam-based products</td>
<td>0.939</td>
</tr>
<tr>
<td>My bank’s provision of Bay’mu’ajal-based products</td>
<td>0.934</td>
</tr>
<tr>
<td>My bank’s provision of Istisna-based products</td>
<td>0.923</td>
</tr>
<tr>
<td>My bank’s provision of Ijara-based products</td>
<td>0.940</td>
</tr>
<tr>
<td>My bank’s provision of Murabaha-based products</td>
<td>0.934</td>
</tr>
<tr>
<td><strong>Social responsibility Factor1: Eigenvalue=5.74; Variance explained= 19.15%</strong></td>
<td></td>
</tr>
<tr>
<td>The availability of ATM and credit cards by my bank</td>
<td>0.327</td>
</tr>
<tr>
<td>The honesty of my bank towards its customers</td>
<td>0.615</td>
</tr>
<tr>
<td>The donation by my bank to charitable/community organisations</td>
<td>0.623</td>
</tr>
<tr>
<td>The interest my bank takes in the community to improve quality of life</td>
<td>0.683</td>
</tr>
<tr>
<td>My bank’s influence on raising the Jordanian standard of living</td>
<td>0.672</td>
</tr>
<tr>
<td>My bank’s treatment of its employees</td>
<td>0.404</td>
</tr>
<tr>
<td>The expenditures by my bank on medical treatment</td>
<td>0.747</td>
</tr>
<tr>
<td>The involvement of my bank in helping to solve social problems</td>
<td>0.732</td>
</tr>
<tr>
<td>The expenditures by my bank on educational scholarships</td>
<td>0.707</td>
</tr>
<tr>
<td>The expenditures by my bank for community engagement/sponsorship</td>
<td>0.510</td>
</tr>
<tr>
<td>The level of involvement of my bank in the community</td>
<td>0.617</td>
</tr>
<tr>
<td>The socially responsible products offered by my bank</td>
<td>0.624</td>
</tr>
<tr>
<td>My bank’s reputation as a good employer</td>
<td>0.590</td>
</tr>
<tr>
<td>My bank’s introduction of socially responsible products</td>
<td>0.646</td>
</tr>
<tr>
<td><strong>General services Factor2: Eigenvalue=4.681; Variance explained= 15.60%</strong></td>
<td></td>
</tr>
<tr>
<td>My bank’s advertising provides a useful source of information</td>
<td>0.773</td>
</tr>
<tr>
<td>The quality of my bank’s services and products over the years</td>
<td>0.774</td>
</tr>
<tr>
<td>The level of assistance I receive from my bank when I need it</td>
<td>0.754</td>
</tr>
<tr>
<td>The reputation of my bank for standing by its products and services</td>
<td>0.737</td>
</tr>
<tr>
<td>The truthfulness of the bank’s products advertisements</td>
<td>0.740</td>
</tr>
<tr>
<td>My bank’s fees and charges given the cost of doing business</td>
<td>0.760</td>
</tr>
<tr>
<td>The management of my bank</td>
<td>0.747</td>
</tr>
</tbody>
</table>
The covariance matrix is calculated and used in the analysis

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
</tr>
</thead>
<tbody>
<tr>
<td>The profit-sharing, investment</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>products offered by my bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>My bank’s provision of <em>Mudaraba-based</em> products</td>
<td>0.951</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The risk-sharing products</td>
<td>0.964</td>
<td>0.936</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>offered by my bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The interest-free loans (Quard</td>
<td>0.958</td>
<td>0.936</td>
<td>0.971</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hassan) offered by my bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>My bank’s provision of <em>Bay’ Salam-based</em> products</td>
<td>0.960</td>
<td>0.935</td>
<td>0.960</td>
<td>0.951</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>My bank’s provision of <em>Bay’ mu’ajal-based</em> products</td>
<td>0.949</td>
<td>0.932</td>
<td>0.957</td>
<td>0.941</td>
<td>0.975</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>My bank’s provision of <em>Istisna-based</em> products</td>
<td>0.958</td>
<td>0.930</td>
<td>0.955</td>
<td>0.943</td>
<td>0.949</td>
<td>0.948</td>
<td>1.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>My bank’s provision of <em>Ijara-based</em> products</td>
<td>0.956</td>
<td>0.942</td>
<td>0.949</td>
<td>0.954</td>
<td>0.973</td>
<td>0.968</td>
<td>0.943</td>
<td>1.000</td>
<td></td>
</tr>
<tr>
<td>My bank’s provision of <em>Murabaha-based</em> products</td>
<td>0.972</td>
<td>0.942</td>
<td>0.962</td>
<td>0.948</td>
<td>0.962</td>
<td>0.956</td>
<td>0.962</td>
<td>0.960</td>
<td>1.000</td>
</tr>
</tbody>
</table>
Table 4.4b: inter-item correlation matrix for social responsibility factor

<table>
<thead>
<tr>
<th>Number of cases 375; Cronbach α = 0.891</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
<th>11</th>
<th>12</th>
<th>13</th>
<th>14</th>
</tr>
</thead>
<tbody>
<tr>
<td>The availability of ATM and credit cards by my bank</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The honesty of my bank towards its customers</td>
<td>0.374</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The donation by my bank to charitable/community organisations</td>
<td>0.331</td>
<td>0.536</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The interest my bank takes in the community to improve quality of life</td>
<td>0.298</td>
<td>0.489</td>
<td>0.433</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>My bank’s influence on raising the Jordanian standard of living</td>
<td>0.233</td>
<td>0.481</td>
<td>0.452</td>
<td>0.566</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>My bank’s treatment of its employees</td>
<td>0.271</td>
<td>0.339</td>
<td>0.252</td>
<td>0.356</td>
<td>0.290</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The expenditures by my bank on medical treatment</td>
<td>0.253</td>
<td>0.457</td>
<td>0.470</td>
<td>0.534</td>
<td>0.508</td>
<td>0.323</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The involvement of my bank in helping to solve social problems.</td>
<td>0.162</td>
<td>0.394</td>
<td>0.398</td>
<td>0.515</td>
<td>0.582</td>
<td>0.354</td>
<td>0.581</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The expenditures by my bank on educational scholarships</td>
<td>0.118</td>
<td>0.385</td>
<td>0.444</td>
<td>0.468</td>
<td>0.461</td>
<td>0.262</td>
<td>0.493</td>
<td>0.564</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The expenditures by my bank for community engagement/sponsorship</td>
<td>0.158</td>
<td>0.224</td>
<td>0.236</td>
<td>0.398</td>
<td>0.251</td>
<td>0.163</td>
<td>0.392</td>
<td>0.303</td>
<td>0.313</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The level of involvement of my bank in the community</td>
<td>0.244</td>
<td>0.276</td>
<td>0.355</td>
<td>0.361</td>
<td>0.408</td>
<td>0.327</td>
<td>0.435</td>
<td>0.495</td>
<td>0.535</td>
<td>0.308</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The socially responsible products offered by my bank</td>
<td>0.133</td>
<td>0.424</td>
<td>0.398</td>
<td>0.421</td>
<td>0.416</td>
<td>0.212</td>
<td>0.456</td>
<td>0.421</td>
<td>0.417</td>
<td>0.319</td>
<td>0.371</td>
<td>1.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>My bank’s reputation as a good employer</td>
<td>0.266</td>
<td>0.329</td>
<td>0.288</td>
<td>0.443</td>
<td>0.400</td>
<td>0.162</td>
<td>0.502</td>
<td>0.442</td>
<td>0.406</td>
<td>0.288</td>
<td>0.408</td>
<td>0.364</td>
<td>1.000</td>
<td></td>
</tr>
<tr>
<td>My bank’s introduction of socially responsible products</td>
<td>0.129</td>
<td>0.367</td>
<td>0.324</td>
<td>0.442</td>
<td>0.415</td>
<td>0.183</td>
<td>0.493</td>
<td>0.446</td>
<td>0.421</td>
<td>0.421</td>
<td>0.335</td>
<td>0.416</td>
<td>0.397</td>
<td>1.000</td>
</tr>
</tbody>
</table>

The covariance matrix is calculated and used in the analysis.
Table 4.4c: inter-item correlation matrix for general services factor

<table>
<thead>
<tr>
<th>Number of cases 375; Cronbach α = .942</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>My bank’s advertising provides a useful source of information</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The quality of my bank’s services and products over the years</td>
<td>0.776</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The level of assistance I receive from my bank when I need it</td>
<td>0.688</td>
<td>0.699</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The reputation of my bank for standing by its products and services</td>
<td>0.714</td>
<td>0.740</td>
<td>0.701</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The truthfulness of the bank’s products advertisements</td>
<td>0.749</td>
<td>0.709</td>
<td>0.654</td>
<td>0.716</td>
<td>1.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>My bank’s fees and charges given the cost of doing business</td>
<td>0.693</td>
<td>0.660</td>
<td>0.706</td>
<td>0.686</td>
<td>0.690</td>
<td>1.000</td>
<td></td>
</tr>
<tr>
<td>The management of my bank</td>
<td>0.714</td>
<td>0.726</td>
<td>0.670</td>
<td>0.691</td>
<td>0.686</td>
<td>0.648</td>
<td>1.000</td>
</tr>
</tbody>
</table>

The covariance matrix is calculated and used in the analysis

Tables 4.4a to 4.4c contain the Inter-Item Correlation Matrix for the relevant factor and associated Cronbach (1951) alpha coefficient. Factorability of the correlation matrix is further satisfied with the majority of the competitive method items having a correlation of > 0.3. The Cronbach (1951) alpha coefficients reported in Tables 4.4a to 4.4c (α = 0.891, α = 0.942, and α = 0.995 respectively) indicate a satisfactory reliability level for the three measures (Shariah compliance, Social responsibility, and general service) in the instrument for the current study. The effect of each item on the Cronbach (1951) alpha coefficients for their respective factor is incorporated into these tables.

4.7.2 Customer satisfaction measure

The measurement questions selected for customer satisfaction, as defined in chapter 2, have been developed and used in customer satisfaction literature (Lundstrom and Lamont, 1976; Rugimbana and Quazi, 2005). The main instrument that is used to measure customer satisfaction comprised the Customer Discontentment Scale (CDS) developed by Lundstrom and Lamonth (1976) and refined by Lundstorm and White (2006). The present study used a subset of items
(seven items to measure customer satisfaction) from the original pool of 82 items and modified item wordings was incorporated to reflect the objectives of the current study. The three arguments for this reduction in items are discussed in sub-section 4.7.1. An eight-point Likert-type scale has been used and customers were asked to indicate their level of satisfaction in each of the seven aspects of satisfaction. A scale ranging from zero 'Not applicable' to seven 'very high performance' was attached to each item. These seven items are contained in Appendix A.

Table 4.5 shows that the customer satisfaction factor explains 66.67% of the variance and the significant K-M-O and Barlett test results satisfy the suitability of the data for factor analysis. These statistics indicate a satisfactory reliability level for these customer satisfaction measure in the instrument for the current study. The high Eigenvalue of 2.964 and percentage of variance explanation reveal that the instrument meets the criteria for construct validity.

| Table 4.5: customer satisfaction factor (including reliability and construct validity tests) |
|---------------------------------------------------------------|------------------|
| Explanatory 66.67%, K-M-O 0.851, Bartlett's Test, $p<.0001$ | loading |
| customer satisfaction factor: Eigenvalue=2.964 |     |
| The interest my bank’s staff take in me as a customer to make sure I am satisfied | 0.638 |
| The extent to which my bank can be trusted to do what they say | 0.677 |
| The level of support by my bank’s complaints department | 0.772 |
| My bank’s response to customer complaints | 0.715 |
| My bank’s willingness to listen to customers’ concerns | 0.739 |
| The level of customer satisfaction with the delivery of the banks’ products and services | 0.555 |
| My bank’s responsiveness to customers’ needs | 0.373 |
Table 4.6: inter-item correlation matrix for customer satisfaction factor

<table>
<thead>
<tr>
<th>Number of cases 375; Cronbach α = 0.771</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>The interest my bank’s staff take in me as a customer to make sure I am satisfied</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The extent to which my bank can be trusted to do what they say</td>
<td>0.316</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The level of support by my bank’s complaints department</td>
<td>0.417</td>
<td>0.391</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>My bank’s response to customer complaints</td>
<td>0.375</td>
<td>0.405</td>
<td>0.466</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>My bank’s willingness to listen to customers’ concerns</td>
<td>0.326</td>
<td>0.433</td>
<td>0.504</td>
<td>0.441</td>
<td>1.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The level of customer satisfaction with the delivery of the banks’ products and services</td>
<td>0.241</td>
<td>0.289</td>
<td>0.352</td>
<td>0.282</td>
<td>0.295</td>
<td>1.000</td>
<td></td>
</tr>
<tr>
<td>My bank’s responsiveness to customers’ needs</td>
<td>0.197</td>
<td>0.151</td>
<td>0.225</td>
<td>0.132</td>
<td>0.219</td>
<td>0.134</td>
<td>1.000</td>
</tr>
</tbody>
</table>

The covariance matrix is calculated and used in the analysis.

Table 4.6 contains the Inter-Item Correlation Matrix and Cronbach (1951) alpha coefficient ($\alpha = 0.771$). The Cronbach (1951) Alpha coefficient reported in Table 4.6 (was recalculated for $\alpha = 0.771$) indicate a satisfactory reliability level for customer satisfaction measure in the instrument of the present study. Factorability of the correlation matrix is further satisfied with the majority of the items having a correlation of $> 0.2$.

### 4.7.3 Financial performance measure for Jordanian banks

Financial performance is a latent variable. In statistics, latent variables (as opposed to observable variables), are variables that are not directly observed but are rather inferred (through a mathematical model) from other variables that are observed and directly measured.

For the present study, five (5) measurement questions from established measurement instruments were selected for financial performance which have been developed and used in prior literature (e.g. Govindarajan and Fisher [1990], Kaplan and Norton (1996), Hoque and James (2000),...
Iselin, Mia and Sands (2008). These five (5) items with modified item wordings were used to reflect the objectives of the current study to measure financial performance.

For each item participants were required to indicate on an eight Likert-type scale their organisation's performance over the past year by rating it on a scale ranging from zero (Not applicable) to seven (very high performance). The five items are contained in Appendix A.

Table 4.7 shows the results of a further factor analysis of the four items that loaded highly onto the financial performance factor.

<table>
<thead>
<tr>
<th>Table 4.7: financial performance factor(including reliability and construct validity tests)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Explanatory 56.84%, K-M-O 0.739, Bartlett's Test, $p &lt; .0001$</td>
</tr>
<tr>
<td>financial performance factor: Eigenvalue=2.274</td>
</tr>
<tr>
<td>My bank’s positive cash flow</td>
</tr>
<tr>
<td>My bank’s operational surplus</td>
</tr>
<tr>
<td>My bank’s revenue</td>
</tr>
<tr>
<td>My bank’s rate of return</td>
</tr>
</tbody>
</table>

Table 4.8: inter-item correlation matrix for financial performance factor

<table>
<thead>
<tr>
<th>Number of cases 375; Cronbach α = 0.743</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>My bank’s positive cash flow</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>My bank’s operational surplus</td>
<td>0.458</td>
<td>1.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>My bank’s revenue</td>
<td>0.329</td>
<td>0.270</td>
<td>1.000</td>
<td></td>
</tr>
<tr>
<td>My bank’s rate of return</td>
<td>0.496</td>
<td>0.545</td>
<td>0.419</td>
<td>1.000</td>
</tr>
</tbody>
</table>

The covariance matrix is calculated and used in the analysis.

These four items explain 56.84% of the variance for the financial performance factor. Significant K-M-O and Bartlett test satisfy the suitability of the data for factor analysis [Norusis, 1993a]. With an eigenvalue value of 2.274 and the percentage of variance explanation (56.84%) achieved, these results reveal that the instrument meets the criteria for construct validity.
Table 4.8 also contains the Inter-Item Correlation Matrix for the financial performance factor and associated Cronbach [1951] alpha coefficient. Factorability of the correlation matrix is further satisfied with the majority of the competitive method items having a correlation of > 0.3. The Inter-correlation Matrix and Cronbach (1951) alpha coefficient (α = 0.743) are within the limits suggested by Pedhazur (1997) or Tabachnick and Fidell (2001).

4.8 Ethical consideration

Human Research Ethics Committees at the University of the Sunshine Coast gave approval to conduct the study dependent on approval from all participating banks (see Appendix B). This approval from participating banks was obtained prior to data collection. Before the administration of the survey form, participants received information, verbally and in writing, about the nature and purposes of the study and were notified of their right not to participate, ability to withdraw at any time without explanation, and to not answer any questions as they wished. Opportunities were provided for participants to ask questions at any stage.

The survey study does not aim to challenge participants in any way. The purpose is to determine factors associated with customer satisfaction with the banking industry in Jordan and if there is a relationship between customer satisfaction and financial performance. Customer completion of surveys has been taken to imply consent.

4.9 Summary

The chapter contains discussions related to the method used for random selection of organisations and subsequent contact of participants, and the steps taken to conduct the pilot study.

About 11.6% of customers contacted were unable or unwilling to participate. Most of the customers that did not participate (76.9%) did not provide any reason.
Descriptive statistics of demographic data support the relevance of the customers’ responses as being representative of customers of the Jordanian banks. The various sources for the established variable measures adopted and adapted for the survey document were identified. Results for factor analyses, which were undertaken to reduce the data, support the suitability and reliability of the data collected from this survey for the latent variables used to operationalise the conceptual variables discussed in chapter 3. Test results also verify the construct validity of the selected measures.

As a consequence of these reduction and validation results, these data were used in chapter 5 to test and report the results for the hypotheses developed in chapter 3. Explanation about the analysis techniques used to analyse the data of the present study also are included in chapter 5.
Chapter 5

Results

5.0 Introduction

In this chapter the data analysis procedures and the results are presented for an audience are government officials concerned with finance, economists and those countries hit by the world economic downturn. Within international and national boundaries are bank managers, bank shareholders, bank customers and employees, and most usefully - academics who will build on the theorising.

Section 5.1 explains the path analysis technique, describes advantages and limitations of this technique, and identifies the assumptions for this technique. The results of the path analysis for hypotheses H1, H2, H3, H4, H6, H8, and H10 are presented separately in sub-sections of section 5.2. Section 5.3 contains DE, IE, and TE computations that enabled a meaningful discussion on the mediating effect of customer satisfaction on each of three factors' (general services, social responsibility services, and Sharia'h compliance services) relationship with financial performance as presented in hypotheses H5, H7, and H9. A summary of the results and discussion obtained, respectively, from testing the seven hypotheses (H1, H2, H3, H4, H6, H8, and H10) and calculating the DE, IE, and TE for three hypotheses (H5, H7, and H9) is presented in section 5.4. A summation of chapter 6 is provided in section 5.5 accompanied by an introductory description leading into the next chapter.

5.1 Path Analysis Technique: Advantages, Limitations, and Assumptions

The purpose of this section is to report the results of investigations into (a) the direct effect of general services, social responsibility services, and Sharia'h compliances services on financial performance, and into (b) the indirect effect of general services, social responsibility services, and Sharia'h compliances services on financial performance through customer satisfaction. The specific direct and indirect effects are hypothesized in hypotheses H1 to H10, which were developed in chapter 3. Theoretical discussions and empirical evidence identified in chapter 2 were used in the relevant subsections of chapter 3 to develop these hypotheses. Path analysis
technique is an appropriate method to capture such relationships because it is concerned with estimating the size of the linkage between variables and uses these estimates to provide information about underlying causal processes (Asher, 1983; Ward, Duray, Leong and Sum, 1995). Also, Gerdin and Greve (2004) concluded that where the variables are theoretically related, such as proposed in hypotheses H₁ to H₁₀, then they should be depicted as a mediation model of contingency fit and a path analytic technique used to test these hypotheses.

According to Asher (1983), path analysis has three advantages because it enables (a) the measurement of direct and indirect effects that one variable has on another variable, (b) the decomposition of correlations between any two variables into a sum of simple (direct) and compound (indirect) paths, and (c) the interpretation of these paths through the use of an arrow diagram. Further advantages flow from the assumption that "each residual is not correlated with the variables that precede it in the model" (Pedhazur, 1997, p. 771).

Pedhazur (1997) stated that there are implications from this assumption. Firstly, all relevant variables are included in the model being tested and variables not included are not correlated with the relevant variables in the model. Secondly, residuals of relevant variables are not correlated among themselves and therefore each endogenous variable forms part of a linear combination of exogenous and endogenous variables and a residual. Finally, correlations among exogenous variables are treated as given and remain unanalysed.

Furthermore, the causal nature of the model and these assumptions allow the decomposition of correlations between an exogenous and an endogenous variable or between two endogenous variables "into the following components: (1) direct effect (DE); (2) indirect effects (IE); (3) unanalyzed (U), due to correlation causes; and (4) spurious (S), due to common causes" (Pedhazur, 1997, p, 778). The exclusion of multiplicative or interaction relations is a limitation of the underlying assumption of path analysis that there are linear, additive, and causal relationships among variables (Pedhazur, 1997). A number of studies have used the path analysis technique for testing hypotheses that predict directional relationships as well as direct and indirect relationships among variables in their respective models (e.g., Mia (1984, 1987, 1993),

Figures 5.1, 5.2, and 5.3 provide an illustration of the path analysis model for the current study, which is depicted as a recursive notion of causation described by Asher (1983). The direct and indirect relationships among the variables investigated by the current study are presented in Figures 5.1, 5.2, and 5.3 are based on the theoretical discussions and empirical evidence presented in this dissertation. The hypothesised positive (+) relationships are illustrated in Figures 5.1, 5.2, and 5.3.

It is important to emphasise from the beginning of the discussion for this section that, as a statistical method, the intention of path analysis is “not to discover causes but to shed light on the tenability of the causal model a researcher formulates based on knowledge and the theoretical considerations” (Pedhazur, 1997, pp. 769-770). In effect, path analysis is a method of studying patterns of hypothesised relationships among variables (Pedhazur, 1982).

The three factors (general services, social responsibility services, and Sharia'h compliance services) represent the exogenous variables (X₁, X₂ and X₃ in Figures 5.1 and 5.2). These three exogenous variables are the independent variables while financial performance (X₅) is the endogenous (dependent) variable in the analysis to test the direct effect between these variables. The two factors (general services and social responsibility services) represent the exogenous variables (X₁ and X₂ in Figure 5.3). These two exogenous variables are the independent variables while financial performance (X₅) is the endogenous (dependent) variable in the analysis to test the direct effect between these variables.

---

⁵ X₁ Sharia'h compliance services were not included in the data of Arab banks because Arab banks do not offer a Sharia'h compliance services to their customers.
Figure 5.1: Path Analysis Model between (A) General Services, Social Responsibility services, Sharia’h Compliance services, (B) Customer Satisfaction & Financial Performance for both (Islamic bank and Arab bank).

- Each of the three factors ($X_1$, $X_2$, & $X_3$) and customer satisfaction ($X_4$) $H_{11}$, $H_{21}$, & $H_{31}$
- Customer satisfaction ($X_4$) and financial performance ($X_5$) $H_{41}$
- Each of the three factors ($X_1$, $X_2$, & $X_3$) and financial performance ($X_5$) $H_{44}$, $H_{51}$, & $H_{53}$
Figure 5.2: Path Analysis Model between (A) General Services, Social Responsibility services, Shariah Compliance services, (B) Customer Satisfaction & Financial Performance for Islamic bank.

- Each of the three factors (X₁, X₂, & X₃) and customer satisfaction (X₄) H₁₁, H₁₂, & H₁₃
- Customer satisfaction (X₄) and financial performance (X₅) H₂₂
- Each of the three factors (X₁, X₂, & X₃) and financial performance (X₅) H₃₂, H₄₂, & H₅₂
Figure 5.3: Path Analysis Model between (A) General Services, Social Responsibility (B) Customer Satisfaction & Financial Performance for the Arab bank

- Each of the two factors \(X_1, X_2\) and customer satisfaction \(X_4\) \(H_{1,3}\) and \(H_{2,3}\)
- Customer satisfaction \(X_4\) and financial performance \(X_5\) \(H_{3,3}\)
- Each of the two factors \(X_1, X_2\) and financial performance \(X_5\) \(H_{4,3}\) and \(H_{5,3}\)
Each path coefficient is depicted by the term $P_{ij},^6$ where 'i' indicates the effect on the dependent variable and 'j' the cause of that effect (i.e., the dependent variable). For example, the path coefficient $P_{51}$ in Figures 5.1, 5.2, and 5.3 indicates the direct effect of the independent variable ($X_1$) on the dependent variable ($X_5$).

The variability of the endogenous variable [customer satisfaction ($X_4$)] is accounted for by the three exogenous variables (general services, social responsibility services, and Sharia'h compliance services) ($X_1$, $X_2$, and $X_3$). Three separate analyses are conducted with the three exogenous variables ($X_1$, $X_2$, and $X_3$) as the independent variables (IVs) and the endogenous variables ($X_4$) as the dependent variable (DV). For example, the path coefficient $P_{41}$ in Figures 5.1, 5.2, and 5.3 indicates the direct effect of the independent variable ($X_1$) on the dependent variable ($X_4$).

Furthermore, to explain both the direct and indirect effects on the variability in financial performance ($X_5$), the endogenous variable ($X_4$) is then included as independent variable in a linear combination of exogenous and endogenous variables ($X_1$, $X_2$, $X_3$, and $X_4$) as depicted in the path model. These endogenous variables ($X_4$ and $X_5$) emerged from factor analyses.

Consequently, six equations (5.1 to 5.6) below are used variously to test $H_1$ to $H_{10}$. Testing of $H_1$ to $H_3$ will involve using three equations (5.1, 5.3, and 5.5) while the other three equations (5.2, 5.4, and 5.6) will be used to test $H_4$ to $H_{10}$.

---

6 The term $P_{ij}$ represents a path coefficient whereas it is depicted as $\beta$ for a standardised regression co-efficient. Due to the assumption mentioned in this section, it has been shown (e.g., Pedhazur (1982), Mia (1984), Winata (2005)) that under such circumstances "the solution for the path coefficient takes the form of ordinary least squares for the $\beta$'s (standardised regression coefficients)" (Winata, 2005, p.131). There are two techniques available for obtaining solutions for $P_{ij}$ but the partial multiple regression technique has been selected for this study. The reason for its selection for the current study is based on the fact that the other techniques (Stokes' (1974) instrumental variable procedure) involves manual calculations that "may be fairly tedious, time consuming and prone to error" Winata, 2005, p. 152).
The following two equations are for Jordanian banks (Arab banks and Islamic banks).

\[ X_4 = P_{41}X_1 + P_{42}X_2 + P_{43}X_3 \quad (5.1) \]
\[ X_5 = P_{51}X_1 + P_{52}X_2 + P_{53}X_3 + P_{54}X_4 \quad (5.2) \]

- The following two equations are for each bank (Arab banks or Islamic banks).

\[ X_4 = P_{41}X_1 + P_{42}X_2 + P_{43}X_3 \quad (5.3) \]
\[ X_5 = P_{51}X_1 + P_{52}X_2 + P_{53}X_3 + P_{54}X_4 \quad (5.4) \]
\[ X_4 = P_{41}X_1 + P_{42}X_2 \quad (5.5) \]
\[ X_5 = P_{51}X_1 + P_{52}X_2 + P_{54}X_4 \quad (5.6) \]

The decomposition of path equations is contained in Appendix C, which follows the paths suggested by Pedhazur (1997). Decomposition of these equations produced four components for the relationships relevant to that equation; the direct effects (DE), indirect effects (IE), unanalysed effects (U), and spurious effects (S). The correlation term \( r_{ij} \) used with path analysis indicate the correlation between the exogenous variables (\( X_1, X_2, \) and \( X_3 \) in Figures 5.1 and 5.2) in the models and between (\( X_1 \) and \( X_2 \) in Figure 5.3). These correlations are depicted by double headed arrows, which represent the assumption that these exogenous variables are independent of each other. Therefore correlation terms \( r_{12}, r_{13} \) and \( r_{23} \) represent the correlations between exogenous variables that remain unanalysed. Figures 5.1 and 5.2 provide double headed arrows to illustrate the correlation terms between the exogenous variables (\( X_1, X_2, \) and \( X_3 \)) in the models and Figure 5.3 provide double headed arrows to illustrate the correlation terms between the exogenous variables (\( X_1 \) and \( X_2 \)) in the model. For other correlation term, such as \( r_{15} \), (i) indicates the effect on the independent variable (\( X_1 \)) on (j) the dependent variable (\( X_5 \)), such correlation terms as \( r_{15} \) will include DE, IE and U while the correlation term, \( r_{45} \), will include DE and S.

A separate discussion about these components is provided in the sub-section in which the results are reported for the equation used to test the specific hypothesis and associated set of hypotheses. To provide support, illustratively, for the individual discussion about the decomposition of equations 5.1, 5.3 and 5.5, the models in Figures 5.1, 5.2, and 5.3 will reflect the relationship
relevant to the specific equation and will include the relationships relevant to equations 5.2, 5.4 and 5.6.

Before reporting on the result of the analyses used to test H1, H2, H3, H4, H6, H8, H10 in section 5.2, the underlying assumptions of multiple regression analysis and the statistical outcomes of associated tests will be discussed in the following four sub-sections.

5.1.1 Sample Size: Ratio of Cases to Independent Variables (IVs)
The first assumption relates to the generalisability of the results. The sample size needs to be adequate to produce a result that can be generalised to other samples (Pallant, 2005). To achieve a result that is meaningful, a substantial case-to-IVs ratio should exist for a research project (Tabachnick and Fidell, 2001). According to Tabachnick and Fidell (2001), calculating the sample size to achieve a substantial case-to-IVs ratio depends on whether the study is testing the multiple correlation or the individual predictors. Therefore, they provided two simple rules of thumb. They state that where researchers are investigating the multiple correlation and the individual predictors then researchers should calculate sample sizes using both rules of thumb and select the larger number of cases. Adopting these two rules of thumb sample size and using four IVs in the calculations, the sample sizes should be 82 cases for testing the multiple correlation and 108 cases for testing the individual predictors.

Furthermore, Coakes and Steed (2003) suggest that, for a multiple regression using SPSS® the ideal case-to-IVs ratio should be twenty cases to one IV with a minimum ratio of five cases to one IV. With a sample size of 375 cases, the current study meets the two rules of thumb sample size and approximates the ideal case-to-IVs ratio suggested by Coakes and Steed (2003).

5.1.2 Absence of Outliers among Variables
Identification of outliers (very high or very low scores) is important because multiple regression is very sensitive to outliers (Pallant, 2005). Extreme outliers have the potential to distort the

---

7 See footnote 6 for reasons for the selection of multiple regression path analysis techniques.
8 Tabachnick and Fidell (2001) suggest that for an assumed medium-sized relationship between the IVs and DV (i.e., ct= .05), the first simple rule of thumb is N >50 + S/H for testing the multiple correlation and the second simple rule of thumb is N >104 + m for testing the individual predictors (where m =the number of IVs) should be used to calculate the sample size.
statistical results (Tabachnick and Fidell, 2001). Therefore, both independent and dependent to be included in the multiple regression analysis should be included in the initial data screen process (Pallant, 2005).

To identify outliers, Tabachnick and Fidell (2001) suggest that a Mahalanobis Distance ($D^2$) measure be used to determine the point of leverage, which is described as the "distance between each score based on the linear combination of the independent variables" (Conlon, 2004, p. 137). However, the point of leverage does not provide information about the influence such outlier scores have on the dependent variable and the independent variables (Conlon, 2004; Pallant, 2005). Cook's Distance is a measure of the variations of influence that checks whether outliers will have an undue influence on the result for a model (Tabachnick and Fidell, 2001).

For both banks (Islamic bank and Arab bank), the relationship among three factors (general services, social responsibility services, Sharia'h compliance services) and customer satisfaction, as the independent variables (IVs) and financial performance, this is the dependent variable (DV). The outliers have a very low influence (Cook's Distance = 0.003) and at a level that Pallant (2005) would suggest the outliers do not pose any problem to the statistical outcomes of the regression analysis. Furthermore, the 'Casewise Diagnostics' function within SPSS® that was initiated within the regression analysis did not produce any information about standardised residual values ± 2.39.

For the Islamic banks, the relationship among three factors (general services, social responsibility, and Sharia'h compliance services) and customer satisfaction, as the independent variables (IVs) and financial performance, this is the dependent variable (DV). The outliers have a very low influence (Cook's Distance = 0.006) and at a level that Pallant (2005) suggests the outliers do not pose any problem to the statistical outcomes of the regression analysis.

---

9 Pallant (2005) used the guidance provided by Tabachnick and Fidell (2001, p. 69) that cases with scores greater than 1.00 are suspected outliers that are a potential problem, and if the value is greater than 1.00 then the researcher need to give consideration to removing such case or cases.

10 Pallant (2005) used the guidance provided by Tabachnick and Fidell (2001, p. 69) that cases with scores greater than 1.00 are suspected outliers that are a potential problem, and if the value is greater than 1.00 then the researcher need to give consideration to removing such case or cases.
Furthermore, the 'Casewise Diagnostics' function within SPSS® that was initiated within the regression analysis did not produce any information about standardised residual values $\pm 2.88$.

For the Arab banks, the relationship is among two factors (general services and social responsibility services) and customer satisfaction, as the independent variables (IVs) and financial performance as the dependent variable (DV). The outliers have a very low influence (Cook's Distance = 0.006) and at a level that Pallant (2005) suggests the outliers do not pose any problem to the statistical outcomes of the regression analysis. Furthermore, the 'Casewise Diagnostics' function within SPSS® that was initiated within the regression analysis did not produce any information about standardised residual values $\pm 2.18$.

### 5.1.3 Absence of Multicollinearity and Singularity among Variables

The usefulness of regression analysis occurs and the notion of statistical control exists only when IVs are inter-correlated to a moderate level (Asher, 1983). Where there are high correlations among IVs difficulties occur in drawing inferences from the regression estimates because regression estimates might differ for another sample from the same target population; i.e., affect the generalisability of the results (Asher, 1983). Singularity occurs when there are perfect correlations among IVs, which result in redundant variables (Tabachnick and Fidell; 2001; Goalees and Steed, 2003).

For a series of regression analyses similar to equations 5.1 to 5.6 for the current study, Tabachnick and Fidell (2001, p. 84) state that multicollinearity and singularity cause both logical problems and statistical problems. They suggest that researchers should "think carefully before including two variables with a correlation of 0.7 or more" (Tabachnick and Fidell, 2001, p. 94). This suggestion appears to be a mid-point of correlation level warnings because Asher (1983) and Pedhazur (1997) suggest correlations of less than 0.8 should not be considered a problem while Conlon (2004) acknowledged that some researchers consider multicolinearity as a problem when a correlation of 0.6 or more occurs. An additional test for multicollinearity proposed by Belsey, Kuh and Welsch (1980) and provided by the SPSS® statistical software programme is

11 Pallant (2005) used the guidance provided by Tabachnick and Fidell (2001, p. 69) that cases with scores greater than 1.00 are suspected outliers that are a potential problem and if the value is greater than 1.00 then the researcher need to give consideration to removing such case or cases.
collinearity diagnostics, which produces a conditioning index as well as variance proportions associated with each variable as criteria for testing multicollinearity.

The highest correlation shown in Table 5.1 for both banks (Islamic bank and Arab bank) is less than 0.58, which is less than any of the levels suggested by authors identified in the previous paragraph; therefore the results provide no evidence of any multicollinearity among these variables.

Table 5.1: Correlation matrix between three factors (general services, social responsibility services, and Sharia'h compliance services); customer satisfaction; and financial performance for both banks (Islamic bank and Arab bank)

<table>
<thead>
<tr>
<th></th>
<th>General Service</th>
<th>Social Responsibility</th>
<th>Sharia'h Compliance</th>
<th>Customer's Satisfaction</th>
<th>Financial Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Service</td>
<td>1</td>
<td>0.059</td>
<td>-0.150(*)</td>
<td>.385(*)</td>
<td>.270(*)</td>
</tr>
<tr>
<td>Social Responsibility</td>
<td>1</td>
<td>-0.059</td>
<td>0.186(**)</td>
<td>*0.580(**)</td>
<td>*0.456(**)</td>
</tr>
<tr>
<td>Sharia'h Compliance</td>
<td>-0.590</td>
<td>1</td>
<td>1.13(*)</td>
<td>0.199(**)</td>
<td></td>
</tr>
<tr>
<td>Customer's Satisfaction</td>
<td>-0.385(*)</td>
<td>-0.150(*)</td>
<td>1</td>
<td>0.579(**)</td>
<td>1</td>
</tr>
<tr>
<td>Financial Performance</td>
<td>-0.270(*)</td>
<td>-0.456(**)</td>
<td>0.199(**)</td>
<td>1</td>
<td></td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).
* . Correlation is significant at the 0.05 level (2-tailed).

Table 5.2: Collinearity Diagnostics

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Eigenvalue</th>
<th>Condition Index</th>
<th>Variance Proportions (Constant)</th>
<th>X1</th>
<th>X2</th>
<th>X3</th>
<th>X4</th>
</tr>
</thead>
<tbody>
<tr>
<td>X1 General Service</td>
<td>4.750</td>
<td>1.000</td>
<td>0.00</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>X2 Social Responsibility</td>
<td>0.147</td>
<td>5.682</td>
<td>0.00</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>X3 Sharia'h Compliance</td>
<td>0.053</td>
<td>9.464</td>
<td>0.54</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>X4 Customer's Satisfaction</td>
<td>0.037</td>
<td>11.382</td>
<td>0.29</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>X5 Financial Performance</td>
<td>0.013</td>
<td>19.220</td>
<td>0.17</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Dependent variable: X5 = Financial performance
Table 5.2 shows the results of the collinearity diagnostics test suggested by Belsey et al (1980). The results in Table 6.2 suggest that no multicollinearity is evident because neither the condition indices are approaching 30 for a given dimension (row) no more than one variance proportion is greater than 0.50 for any dimension (row). According to the analysis example provided by Tabachnick and Fidell (2001, p. 98) both two criteria suggested by Belsey ent al., (1980) should be violated in combination to provide evidence of multicollinearity.

The highest correlation shown in Table 5.3 for Islamic banks is less than 0.67, which is less than any of the levels suggested by authors identified in the previous paragraph and therefore the results provide no evidence of any multicollinearity among these variables.

Table 5.3: Correlation matrix between three factors (general services, social responsibility services, and Sharia'h compliance services); customer satisfaction; and financial performance for Islamic banks

<table>
<thead>
<tr>
<th>General Service</th>
<th>Social Responsibility</th>
<th>Sharia'h Compliance</th>
<th>Customer's Satisfaction</th>
<th>Financial Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Service</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| Social Responsibility | 0.108 | 1
| Sharia'h Compliance | .537(**) | .436(**) | 1
| Customers’ Satisfaction | .402(**) | .613(**) | .673(**) | 1
| Financial Performance | .234(**) | .427(**) | .629(**) | .588(**) | 1

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).
Table 5.4: Collinearity Diagnostics

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Eigenvalue</th>
<th>Condition Index</th>
<th>Variance Proportions (Constant Proportion)</th>
<th>Variance Proportions</th>
</tr>
</thead>
<tbody>
<tr>
<td>X1 General Service</td>
<td>4.750</td>
<td>1.000</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>X2 Social Responsibility</td>
<td>0.147</td>
<td>5.682</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>X3 Sharia'h Compliance</td>
<td>0.053</td>
<td>9.464</td>
<td>0.54</td>
<td>0.00</td>
</tr>
<tr>
<td>X4 Customers’ Satisfaction</td>
<td>0.037</td>
<td>11.382</td>
<td>0.29</td>
<td>0.29</td>
</tr>
<tr>
<td>X5 Financial Performance</td>
<td>0.013</td>
<td>19.220</td>
<td>0.17</td>
<td>0.32</td>
</tr>
</tbody>
</table>

Dependent variable: X5 = Financial performance

Table 5.4 shows the results of the collinearity diagnostics test suggested by Belsey et al. (1980). The results in Table 5.4 suggest that no multicollinearity is evident because neither the condition indices are approaching 30 for any given dimension (row), nor more than one variance proportion is greater than 0.50 for any dimension (row). According to the analysis example provided by Tabachnick and Fidell (2001, p. 98) both two criteria suggested by Belsey et al., (1980) should be violated in combination to provide evidence of multicollinearity.

The highest correlation shown in Table 5.5 for Arab banks is less than 0.44, which is less than any of the levels suggested by authors identified in the previous paragraph and therefore the results provide no evidence of any multicollinearity among these variables.
Table 5.5: Correlation matrix between three factors (general services, social responsibility services, and Sharia'h compliance services); customer satisfaction; and financial performance for Arab banks

<table>
<thead>
<tr>
<th></th>
<th>General Service</th>
<th>Social Responsibility</th>
<th>Customer's Satisfaction</th>
<th>Financial Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Service</td>
<td>1</td>
<td>.069</td>
<td>.440(**)</td>
<td>.335(**)</td>
</tr>
<tr>
<td>Social Responsibility</td>
<td></td>
<td>1</td>
<td>.353(**)</td>
<td>.283(**)</td>
</tr>
<tr>
<td>Customer's Satisfaction</td>
<td></td>
<td></td>
<td>1</td>
<td>.206(**)</td>
</tr>
<tr>
<td>Financial Performance</td>
<td></td>
<td></td>
<td></td>
<td>1</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

Table 5.6: Collinearity Diagnostics

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Eigenvalue</th>
<th>Condition Index</th>
<th>Variance Proportions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>(Constant)</td>
<td>X1</td>
</tr>
<tr>
<td>X1 General Service</td>
<td>3.846</td>
<td>1.000</td>
<td>0.0</td>
</tr>
<tr>
<td>X2 Social Responsibility</td>
<td>0.101</td>
<td>6.182</td>
<td>0.11</td>
</tr>
<tr>
<td>X4 Customer's Satisfaction</td>
<td>0.035</td>
<td>10.415</td>
<td>0.15</td>
</tr>
<tr>
<td>X5 Financial Performance</td>
<td>0.018</td>
<td>14.580</td>
<td>0.44</td>
</tr>
</tbody>
</table>

Dependent variable: X5 = Financial performance

Table 5.6 shows the results of the collinearity diagnostics test suggested by Belsey et al (1980). The results in Table 5.6 suggest that no multicollinearity is evident because neither the condition indices are approaching 30 for any given dimension (row) nor more than one variance proportion is greater than 0.50 for any dimension (row). According to the analysis example provided by Tabachnick and Fidell (2001, p. 98) both two criteria suggested by Belsey et al (1980) should be violated in combination to provide evidence of multicollinearity.

Furthermore, the SPSS® statistical software programme produces additional indicators that can be used to identify any multicollinearity problems, e.g., the tolerance values and variance
inflation factor (VIF) value. 12

5.1.4 The Existence of Normality, Linearity, Homoscedasticity and Independence of Residuals of the Variables

These assumptions refer to various aspects of the distribution of scores and the underlying relationship between variables (Pallant, 2005). Each assumption may be checked using the normal probability plot of the regression standardised residuals and the residual scatter plot graphical methods (Tabachnick and Fidell, 2001; Coakes and Steed, 2003).

For the normal probability plot of the regression standardised residuals to suggest that there are no major deviations from normality, the points in the plot should "lie in a reasonably straight diagonal line from bottom left to top right" (Pallant, 2005, p.150). Graphs 5.1 to 5.6 show the normal probability plots of the regression standardised residual respectively for the variables contained in equations 5.1 to 5.6.

12 According to Pallant (2005, p. 150) these tests complement a correlation matrix because they "can pick up on problems with multicollinearity that may not be evident in a correlation matrix". The multicollinearity assumption has been violated when the tolerance value is low (<.10) and the VIF value is high (>10), which may occur even when the correlation matrix reveals acceptable correlations levels (i.e., less than 0.8 as suggested by Pedhazur (1997). This low level of tolerance (<0.10) represents the level where the squared multiple correlation (SMC) (i.e., Tolerance = 1 - SMC) "is too low (and) the variable does not enter the analysis" (Tabachnick & Fidell, 2001, p. 84).
To test for the occurrence of singularity, researchers may use the Tolerance values produced by the SPSS® statistical software programme (Tabachnick and Fidell, 2001). These statistics for each IV independent variable are contained in Tables 5.7 to 5.21 for both the Islamic banks, and for the Arab banks. These tables report the results for each regression analysis in the relevant sections. In each of these tables, the tolerance values for both banks are between 0.417 and 0.935. For Islamic banks, the tolerance values are between 0.454 and 0.659. The tolerance values for Arab banks are between 0.452 and 0.817. The tolerance values are much greater than 0.10, which does not provide any evidence of multicollinearity problems. Also, with these tolerance values, SMC for each of the variables would be between 0.065 and 0.587 in both banks, between 0.341 and 0.546 in the Islamic banks, and between 0.183 and 0.548 in Arab banks (Equation 5.1). These results show that no multicollinearity or singularity is evident in the variables included in the current study.

The points in the plots contained in Graphs 5.1 to 5.6 suggest that the differences in each graph are normally distributed. These results in their respective graphs do not provide evidence of any major deviations from normality. Consequently, the residuals are normally distributed.

Graph 5.1: Normality test for the regression of the three factors (general services, social responsibility services, and Shariah compliance services) and customer satisfaction in both Islamic banks and Arab banks (Equation 5.1).
Graph 5.2: Normality test for the regression of the three factors (general services, social responsibility services, and Shariah compliance services), customer satisfaction, and financial performance in both Islamic banks and Arab banks (Equation 5.2).

Graph 5.3: Normality test for the regression of the three factors (general services, social responsibility services, and Shariah compliance services) and customer satisfaction in Islamic banks (Equation 5.3).

Dependent Variable: Financial Performance

Observed Cum Prob

Expected Cum Prob

1.00

0.75

0.50

0.25

0.00

0.00

0.25

0.50

0.75

1.00

Observed Cum Prob

Dependent Variable: Customer's Satisfaction

TYPE: islamic bank

Observed Cum Prob

Expected Cum Prob

1.00

0.75

0.50

0.25

0.00

0.00

0.25

0.50

0.75

1.00

Observed Cum Prob
Graph 5.4: Normality test for the regression of the three factors (general services, social responsibility services, and Sharia'h compliance services), customer satisfaction, and financial performance in Islamic banks (Equation 5.4).

Dependent Variable: Financial Performance

TYPE: islamic bank

Expected Cum Prob

Observed Cum Prob

Graph 5.5: Normality test for the regression of the three factors (general services, social responsibility services, and Sharia'h compliance services) and customer satisfaction in Arab banks (Equation 5.5).

Dependent Variable: Customer's Satisfaction

TYPE: arab bank

Expected Cum Prob

Observed Cum Prob
Graph 5.6: Normality test for the regression of the three factors (general services, social responsibility services, and Sharia'h compliance services), customer satisfaction, and financial performance in Arab banks (Equation 5.6).

In addition to the normal probability plot of the regression used to check not only normality but also linearity, homoscedasticity, and independence of residuals of the variables (Coakes and Steed, 2003). The residual scatter plots help identify whether the residuals (1) are normally distributed about the predicted DV scores (check for normality), (2) have a straight line relationship with the predicted DV scores (check for linearity), and have the same variance about the predicted DV scores (check for homoscedasticity) (Pallant, 2005). Graphs 5.7 and 5.12 show the residual scatter plots respectively for the variables contained in equations 5.1 to 5.6.
Graph 5.7: Linearity, homoscedasticity, and independence of residuals of variables tests for the regression of the three factors (general services, social responsibility services, and Sharia'h compliance services) and customer satisfaction in both banks (equation 5.1)

Graph 5.8: Linearity, homoscedasticity, and independence of residuals of variables tests for the regression of the three factors (general services, social responsibility services, and Sharia'h compliance services), customer satisfaction, and financial performance in both banks (equation 5.2).
Graph 5.9: Linearity, homoscedasticity, and independence of residuals of variables tests for the regression of the three factors (general services, social responsibility services, and Shariah compliance services) and customer satisfaction in Islamic banks (equation 5.3)

Dependent Variable: Customer's Satisfaction

Graph 5.10: Linearity, homoscedasticity, and independence of residuals of variables tests for the regression of the three factors (general services, social responsibility services, and Shariah compliance services), customer satisfaction, and financial performance in Islamic banks (equation 5.4).

Dependent Variable: Financial Performance
Graph 5.11: Linearity, homoscedasticity, and independence of residuals of variables tests for the regression of the three factors (general services, social responsibility services, and Sharia'h compliance services) and customer satisfaction in Arab banks (equation 5.5).

Dependent Variable: Customer's Satisfaction

Graph 5.12: Linearity, homoscedasticity, and independence of residuals of variables tests for the regression of the three factors (general services, social responsibility services, and Sharia'h compliance services), customer satisfaction, and financial performance in Arab banks (equation 5.6).

Dependent Variable: Financial Performance
The scatter plots of residuals contained in Graphs 5.7 and 5.12 provide no clear relationships between the residuals and the predicted values, which is consistent with the linearity and residuals are independent assumptions (Coakes and Steed, 2003, p. 168). While the scatter plots are not perfectly rectangular, in general, their shapes are roughly in a rectangular distribution with most points centralised along the zero point and do not indicate a clear pattern where one side of the plot is higher than the other (Pallant, 2005; Tabachnick and Fidell, 2001).

Therefore, the residual points appear to be normally distributed around the predicted DV scores, providing no evidence that there are violations to the normality assumption. The distribution of the points in the plots is consistent with the relative straight diagonal line in the normal probability plot of the regression standardised residuals contained in graphs 5.1 and 5.6, thus supporting the presence of the normality assumption in the data for the current study.

The roughly rectangular distribution shapes in these scatter plots do not represent "spearheads", which is a common indication of heteroscedasticity, thus suggesting the data meets the homoscedasticity assumption. Furthermore, homoscedasticity is related to the presence of the assumption of normality and when "the assumption of multivariate normality is met, the relationship between variables are homoscedastic" (Tabachnick and Fidell, 2001, p. 79).

The evidence provided in sub-sections 5.1.1 to 5.1.4 supports the position that the current study has an appropriate ratio of cases to independent variables IVs, an absence of multicollinearity, singularity, and outliers among variables as well as the existence of normality, linearity, homoscedasticity and independence of residuals of the variables. The results of the data analyses to test hypotheses H1 to H7 therefore are provided in the following section.

5.2 Path Analysis Results
In this section, the result for two multiple regression analyses will be reported. These analyses use equations 5.1 to 5.6 that are described in section 5.1 to test the specific hypothesis and associated set of hypotheses relevant to the individual equation. Furthermore, a brief discussion is contained in each of the following two sub-sections about the four components for the relationships relevant to each equation; the direct effect (DE), indirect effects (IE), unanalysed
effects (U) and spurious effects (S). These effects were identified from the decomposition of path equations in Appendix C, which provides a detailed explanation of the steps involved in the 57 equations necessary to complete the decomposition of two path equations. Figures 5.4, 5.5 and 5.6 illustrate the DE and IE of the equations relevant to the analysis.

As a directional supposition is provided in each hypothesis tested in this section, the use of one-tail tests in such circumstances is more reasonable (Lewis-Beck, 1980).  

5.2.1 The Relationship between three factors (general services, social responsibility, and Sharia'h compliance) and customer satisfaction: Testing Hypotheses H1 to H3.

5.2.1.1 For both banks (Islamic bank and Arab bank)

The discussion in chapter three about the separate relationships between each factor (X1, X2 and X3) and customer satisfaction (X4) is summarised in hypotheses H1.1, H2.1 and H3. Hypothesis H1.1 predicts a positive relationship between general services (X1) and customer satisfaction (X4), Similarly, hypothesis H2.1 predicts a positive relationship between social responsibility services (X2) and customer satisfaction (X4). A positive relationship between Sharia'h compliance (X3) and customer satisfaction (X4) is also predicted by hypothesis H3.

These hypotheses are tested using equation (5.1) below:

\[ X_4 = P_{41}X_1 + P_{42}X_2 + P_{43}X_3 \]  

Where,

- \( X_1 \) = general services
- \( X_2 \) = social responsibility services
- \( X_3 \) = Sharia'h compliance services
- \( X_4 \) = customer satisfaction

13 According to Norusis (1993b, p. 360), the output of SPSS® statistical software programme "(d)isplays regression coefficients and related measures...by default...and (a) two tailed significant level of \( r \)". The results provided in this section therefore are adjusted to meet the one-tailed significance level for each test.
Figure 5.4 illustrates the directional relationships of this set of hypotheses as well as the direct effect for each IV (X₁, X₂ and X₃), which was derived as the direct effect component for each IV from the decomposition of the computation of path coefficients for equation (5.1) in Appendix C. As a result of separately multiplying equation (5.1) by each IV (X₁, X₂ and X₃), the resulting direct effects $P_{4.1}$, $p_{4.2}$, and $p_{4.3}$ were calculated.¹⁴

¹⁴ The remaining components for these calculations are unanalysed effects (U) and therefore not discussed in this sub-section.
Figure 5.4: Path Analysis Model between (A) General Services, Social Responsibility services, Sharia'h Compliance services, (B) Customer Satisfaction & Financial performance for both banks (Islamic bank and Arab bank).

Significant relationship between
- Each of the two factors ($X_1$ & $X_3$) and customer satisfaction ($X_2$)
- Customer satisfaction ($X_2$) and financial performance ($X_4$)
- Each of the two factors ($X_1$ & $X_3$) and financial performance ($X_4$)

Insignificant relationship between
- Sharia'h compliance ($X_3$) and customer satisfaction ($X_2$)
- Sharia'h compliance ($X_3$) and financial performance ($X_4$)
The results in Table 5.7 show the regression has an adjusted $R^2 = 0.583$ with the alternate hypothesis $H_{1.1}$, $H_{2.1}$ and $H_{3.1}$ being partially supported with the statistics suggesting the null hypothesis not be accepted only at $< 0.10$ ($F = 173.157$, $\alpha = 0.001$).

### Table 5.7: A to B Regression analysis hypothesis $H_{1.1}$, $H_{2.1}$, and $H_{3.1}$, Equation (5.1) three A (Three IVs) coefficients and dependent variable: customer satisfaction (B)

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Path Coefficient</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig. 1-tailed</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Service</td>
<td>$H_{1.1}$</td>
<td>$P_{4.1}$</td>
<td>0.354</td>
<td>10.391</td>
<td>0.000</td>
</tr>
<tr>
<td>Social Responsibility</td>
<td>$H_{2.1}$</td>
<td>$P_{4.2}$</td>
<td>0.650</td>
<td>18.991</td>
<td>0.000</td>
</tr>
<tr>
<td>Sharia'h Compliance</td>
<td>$H_{3.1}$</td>
<td>$P_{4.3}$</td>
<td>0.045</td>
<td>1.302</td>
<td>0.194</td>
</tr>
<tr>
<td>Adjusted R Square</td>
<td></td>
<td></td>
<td>0.583</td>
<td></td>
<td></td>
</tr>
<tr>
<td>F (3,371)</td>
<td>173.157</td>
<td>0.001</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Dependent variable: customer satisfaction

However, there are significant results for two hypotheses ($H_{1.1}$ and $H_{2.1}$). Firstly, there is a positive and significant relationship ($\beta = 0.354$, $\alpha < 0.001$) between the general services and customer satisfaction ($H_{1.1}$). The results also provide a positive and significant relationship ($\beta = 0.650$, $\alpha < 0.001$) between the Social Responsibility services and customer satisfaction ($H_{2.1}$).

There is a positive but not significant relationship ($\beta = 0.045$, $\alpha = 0.194$) between the Sharia'h Compliance services and customer satisfaction ($H_{3.1}$).

### 5.2.1.2 For Islamic banks

The discussion in chapter three about the separate relationships between each factor ($X_1$, $X_2$ and $X_3$) and customer satisfaction ($X_4$) is summarised in hypotheses $H_{1.2}$, $H_{2.2}$, $H_{3}$. Hypothesis $H_{1.2}$ predicts a positive relationship between general services ($X_1$) and customer satisfaction ($X_4$). Similarly, hypothesis $H_{2.2}$ predicts a positive relationship between social responsibility services
(X₃) and customer satisfaction (X₄). A positive relationship between Sharia'h compliance (X₃) and customer satisfaction (X₄) is also predicted by hypothesis H₃. These hypotheses are tested using equation (5.3) below:

\[ X₄ = P_{41}X₁+P_{42}X₂+P_{43}X₃ \]  

(5.3)

Where,

- \( X₁ \) = general services
- \( X₂ \) = social responsibility services
- \( X₃ \) = Sharia'h compliance services
- \( X₄ \) = customer satisfaction

Figure 5.5 illustrates the directional relationships of this set of hypotheses as well as the direct effect for each IV (\( X₁, X₂ \) and \( X₃ \)), which was derived as the direct effect component for each IV from the decomposition of the computation of path coefficients for equation (5.3) in Appendix C. As a result of separately multiplying equation (5.3) by each IV (\( X₁, X₂ \) and \( X₃ \)), the resulting direct effects \( P_{4,1}, P_{4,2}, \) and \( P_{4,3} \) were calculated. ¹⁵

¹⁵ The remaining components for these calculations are unanalysed effects (U) and therefore not discussed in this sub-section.
Figure 5.5: Path Analysis Model between (A) General Services, Social Responsibility services, Sharia'h Compliance services, (B) Customer Satisfaction & Financial performance for Islamic banks.

Significant relationships between:
- Each of the three factors (X₁, X₂ & X₃) and customer satisfaction (X₄)
- Customer satisfaction (X₄) and financial performance (X₅)
- Each of the three factors (X₁, X₂ & X₃) and financial performance (X₅)
The results in Table 5.8 show the regression has an adjusted $R^2 = 0.681$ and the alternate hypotheses $H_{1.2}$, $H_{2.2}$ and $H_{3.1}$ being partially supported with the statistics suggesting the null hypothesis not be accepted only at $< 0.10$ ($F = 136.321$, $\alpha = 0.001$).

Table 5.8: A to B Regression analysis hypothesis $H_{1.2}$, $H_{2.2}$, and $H_{3.2}$, Equation (5.3) three A (Three IVs) coefficients and dependent variable: customer satisfaction(B)

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Path Coefficient</th>
<th>Standardized Coefficients</th>
<th>$t$</th>
<th>Sig. 1-tailed</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Service</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social Responsibility</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sharia'h Compliance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$H_{1.2}$</td>
<td>$P_{4.1}$</td>
<td>0.153</td>
<td>6.517</td>
<td>0.000</td>
<td>0.002</td>
</tr>
<tr>
<td>$H_{2.2}$</td>
<td>$P_{4.2}$</td>
<td>0.541</td>
<td>11.726</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td>$H_{3.2}$</td>
<td>$P_{4.3}$</td>
<td>0.355</td>
<td>6.527</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td>Adjusted $R$ Square</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$F (3,187)$</td>
<td>136.321</td>
<td>0.001</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Dependent variable: customer satisfaction

However, there are significant results for three hypotheses ($H_{1.2}$, $H_{2.2}$ and $H_{3.2}$). Firstly, there is a positive and significant relationship ($\beta = 0.153$, $\alpha = 0.002$) between the general services and customer satisfaction ($H_{1.2}$). The results also provide a positive and significant relationship ($\beta = 0.541$, $\alpha < 0.001$) between the Social Responsibility services and customer satisfaction ($H_{2.2}$) and a positive and significant relationship ($\beta = 0.355$, $\alpha < 0.001$) between the Sharia'h Compliance services and customer satisfaction ($H_{3.2}$).
5.2.1.3 For Arab banks

The discussion in chapter three about the separate relationships between each factor (X₁ and X₂) and customer satisfaction (X₄) is summarised in hypotheses H₁.₃ and H₂.₃. Hypothesis H₁.₃ predicts a positive relationship between general services (X₁) and customer satisfaction (X₄). Similarly, hypothesis H₂.₃ predicts a positive relationship between social responsibility services (X₂) and customer satisfaction (X₄).

These hypotheses are tested using equation (5.5) below:

\[ X₄ = P₄₁X₁ + P₄₂X₂ + \quad (5.5) \]

Where,

\[ X₁ = \text{general services} \]
\[ X₂ = \text{social responsibility services} \]
\[ X₄ = \text{customer satisfaction} \]

Figure 5.6 illustrates the directional relationships of this set of hypotheses as well as the direct effect for each IV (X₁ and X₂), which was derived as the direct effect component for each IV from the decomposition of the computation of path coefficients for equation (5.5) in Appendix C. As a result of separately multiplying equation (5.5) by each IV (X₁ and X₂), the resulting direct effects \( P₄₁ \) and \( P₄₂ \) were calculated.¹⁶

¹⁶ The remaining components for these calculations are unanalysed effects (U) and therefore not discussed in this sub-section.
Figure 5.6: Path Analysis Model between (A) General Services, Social Responsibility, (B) Customer Satisfaction & Financial Performance for the Arab Bank

Significant relationships between:
- Each of the two factors ($X_1$ & $X_2$) and customer satisfaction ($X_4$)
- Customer satisfaction ($X_4$) and financial performance ($X_5$)
- Each of the two factors ($X_1$, $X_2$) and financial performance ($X_5$)
The results in Table 5.9 show the regression has an adjusted $R^2 = 0.543$ and the alternate hypotheses $H_{1.3}$ and $H_{2.3}$ being partially supported with the statistics suggesting the null hypothesis not be accepted only at $< 0.10$ ($F = 109.541, \alpha = 0.001$).

**Table 5.9: A to B Regression analysis hypotheses $H_{1.3}$ and $H_{2.3}$, Equation (5.5) three A (two IVs) coefficients and dependent variable: customer satisfaction (B)**

<table>
<thead>
<tr>
<th>Hypothesis Path</th>
<th>Standardized Coefficient $\beta$(Beta)</th>
<th>t Stat</th>
<th>Sig. 1-tailed</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Service</td>
<td>$H_{1.3}$</td>
<td>0.316</td>
<td>3.977</td>
<td>0.000</td>
</tr>
<tr>
<td>Social Responsibility</td>
<td>$H_{2.3}$</td>
<td>0.653</td>
<td>6.320</td>
<td>0.000</td>
</tr>
<tr>
<td>Adjusted RSquare</td>
<td>$P_{4.1}$</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>F (2,181)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sig.</td>
<td>0.543</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>109.571</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.001</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Dependent variable: customer satisfaction

However, there are significant results for three hypotheses ($H_{1.3}$ and $H_{2.3}$). Firstly, there is a positive and significant relationship ($\beta = 0.316, \alpha < 0.001$) between the general services and customer satisfaction ($H_{1.3}$). Similarly, there is a positive and significant relationship ($\beta = 0.653, \alpha < 0.001$) between the Social Responsibility services and customer satisfaction ($H_{2.3}$).

5.2.2 The Relationship between three factors (general services, social responsibility, and Sharia'h compliance) and Financial Performance: Testing Hypotheses $H_4, H_6,$ and $H_8$

5.2.2.1 For both banks (Arab bank and Islamic bank)

The discussion in chapter three was used to develop hypotheses $H_{4.1}, H_{6.1}$ about the separate direct relationships between each three factors ($X_1, X_2$ and $X_3$) and financial performance ($X_5$). Hypothesis $H_{10.1}$ was developed to postulate the relationship between customer satisfaction ($X_4$) and financial performance ($X_5$).
In sub-sections 5.2.2 and 5.2.3, equation (5.2) below will be used to test hypotheses H 4.1, H 6.1 and H 10.1. The results for the regression analysis used for testing these hypotheses are contained in Table 5.10.

These hypotheses are tested using equation (5.2) below:
\[ X_5 = P_{51}X_1 + P_{52}X_2 + P_{53}X_3 + P_{54}X_4 \]  

Where,

\( X_1 = \) general services
\( X_2 = \) social responsibility services
\( X_3 = \) Sharia'h compliance services
\( X_4 = \) customer satisfaction
\( X_5 = \) financial performance

Hypotheses H 4.1 and H 6.1 predict a positive relationships between the three factors (general services \( X_1 \), social responsibility services \( X_2 \) and Sharia'h compliance services \( X_3 \)) and financial performance \( X_5 \).

The results in Table 5.10 show the regression for the four IVs \( X_1, X_2, X_3 \) and \( X_4 \) on the DV financial performance \( X_5 \). The adjusted \( R^2 = 0.361 \) indicates that this model explains 36.1% of the variance in financial performance. The statistics suggest that there is support for the alternate hypotheses tested by this equation because the null hypothesis cannot be accepted at < 0.001 \( (F = 53.872, \alpha < 0.001) \).

The discussion in this sub-section will concentrate on reporting the results related to the three IVs that represent the separate direct relationships between each of the three factors \( X_1, X_2 \) and \( X_3 \) and financial performance \( X_5 \). There are significant results for two hypotheses \( (H_{4.1} \) and \( H_{6.1} \)). Firstly, there is a positive and significant relationship \( (\beta = 0.119, \alpha = 0.013) \) between the general services and financial performance \( (H_{4.1}) \). The results also provide a positive and significant relationship \( (\beta = 0.133, \alpha = 0.026) \) between the Social Responsibility services and financial performance \( (H_{6.1}) \).
Table 5.10: A to B to C Regression analysis hypothesis H₄.₁, H₆.₁, , and H₁₀.₁ Using, Equation (5.2) consisting of three A and B (four IVs) on dependent variable: financial performance (C)

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Path Coefficient</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig. 1-tailed</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>B(Beta)</td>
<td></td>
<td></td>
<td>Tolerance</td>
</tr>
<tr>
<td>(Constant)</td>
<td></td>
<td></td>
<td>8.235</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>Sub-section</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Service</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>H₄.₁</td>
<td>P₅.₁</td>
<td>0.119</td>
<td>2.496</td>
<td>0.013</td>
<td>0.751</td>
</tr>
<tr>
<td>Social Responsibility</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>H₆.₁</td>
<td>P₅.₂</td>
<td>0.133</td>
<td>2.238</td>
<td>0.026</td>
<td>0.486</td>
</tr>
<tr>
<td>Sub-section</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer's Satisfaction</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>H₁₀.₁</td>
<td>P₅.₄</td>
<td>0.427</td>
<td>6.661</td>
<td>0.000</td>
<td>0.417</td>
</tr>
</tbody>
</table>

Dependent variable: financial performance

5.2.2.2 For Islamic banks

The discussion in chapter three was used to develop hypotheses H₄.₂, H₆.₂ and H₈ about the separate direct relationships between each three factors (X₁, X₂ and X₃) and financial performance (X₅). Hypothesis H₁₀.₂ was developed to postulate the relationship between customer satisfaction X₄ and financial performance (X₅).

In sub-sections 5.2.2 and 5.2.3, equation (5.4) below will be used to test hypotheses H₄.₂, H₆.₂ and H₈ and H₁₀.₂. The results for the regression analysis used for testing these hypotheses are contained in Table 5.11.

These hypotheses are tested using equation (5.4) below:

\[
X_5 = P_{5.1}X_1 + P_{5.2}X_2 + P_{5.3}X_3 + P_{5.4}X_4
\]  (5.4)

Where,

\(X_1\) = general services

\(X_2\) = social responsibility services
X₃= Sharia'h compliance services
X₄= customer satisfaction
X₅= financial performance

Hypotheses H₄.2, H₆.2 and H₈ predict a positive relationships between the three factors (general services (X₁), social responsibility services (X₂) and Sharia'h compliance services (X₃)) and financial performance (X₅).

The results in Table 5.11 show the regression for the four IVs (X₁, X₂, X₃ and X₄) on the DV financial performance (X₅). The adjusted R² = 0.452 indicates that this model explains 42.5% of the variance in financial performance. The statistics suggest that there is support for the alternate hypotheses tested by this equation because the null hypothesis cannot be accepted at < 0.001 (F = 40.188, α < 0.001).

The discussion in this sub-section will concentrate on reporting the results related to the three IVs that represent the separate direct relationships between each of the three factors (X₁, X₂ and X₃) and financial performance (X₅). There are significant results for three hypotheses (H₄.2, H₆.2 and H₈.2). Firstly, there is a positive and significant relationship (β = 0.162, α = 0.015) between the general services and financial performance (H₄.2). The results also provide a positive and significant relationship (β = 0.083, α = 0.023) between the social responsibility services and financial performance (H₆.2). There is a positive and significant relationship (β = 0.506, α < 0.001) between the Sharia'h Compliance services and financial performance (H₈).
Table 5.11: A to B to C Regression analysis hypothesis $H_{4.2}$, $H_{6.2}$, $H_8$ and $H_{10.2}$ using, Equation (5.4) consisting of three A and B (four IVs) on dependent variable: financial performance (C)

<table>
<thead>
<tr>
<th>Hypothesis Path</th>
<th>Coefficient</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig. 1-tailed</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td></td>
<td></td>
<td>5.965</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>Sub-section</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Service</td>
<td>$H_{4.2}$</td>
<td>$P_{5.1}$</td>
<td>0.162</td>
<td>2.446</td>
<td>0.015</td>
</tr>
<tr>
<td>Social Responsibility</td>
<td>$H_{6.2}$</td>
<td>$P_{5.2}$</td>
<td>0.083</td>
<td>3.034</td>
<td>0.023</td>
</tr>
<tr>
<td>Sharia'h Compliance</td>
<td>$H_8$</td>
<td>$P_{5.3}$</td>
<td>0.506</td>
<td>6.402</td>
<td>0.000</td>
</tr>
<tr>
<td>Sub-section</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer's Satisfaction</td>
<td>$H_{10.2}$</td>
<td>$P_{5.4}$</td>
<td>0.310</td>
<td>3.235</td>
<td>0.001</td>
</tr>
</tbody>
</table>

Adjusted R Square $= 0.425$  
F (4,370 ) $= 40.188$  
Sig. $< 0.001$

Dependent variable: financial performance

5.2.2.3 For Arab banks

The discussion in chapter three was used to develop hypotheses $H_{4.3}$ and $H_{6.3}$ about the separate direct relationships between each two factors ($X_1$ and $X_2$) and financial performance ($X_5$). Hypothesis $H_{10.3}$ was developed to postulate the relationship between customer satisfaction $X_4$ and financial performance ($X_5$).

In sub-sections 5.2.2 and 5.2.3, equation (5.6) below will be used to test hypotheses $H_{4.3}$, $H_{6.3}$, and $H_{10.3}$. The results for the regression analysis used for testing these hypotheses are contained in Table 5.12.
These hypotheses are tested using equation (5.6) below:

\[ X_5 = P_{51}X_1 + P_{52}X_2 + P_{54}X_4 \]  (5.6)

Where,

\( X_1 = \) general services

\( X_2 = \) social responsibility services

\( X_4 = \) customer satisfaction

\( X_5 = \) financial performance

Hypotheses H.4.3 and H.6.3 predict a positive relationships between the two factors (general services (\( X_1 \)) and social responsibility services (\( X_2 \)) and financial performance (\( X_5 \)).

The results in Table 5.12 show the regression for the three IVs (\( X_1, X_2, \) and \( X_4 \)) on the DV financial performance (\( X_5 \)). The adjusted \( R^2 = 0.384 \) indicates that this model explains 38.4% of the variance in financial performance. The statistics suggest that there is support for the alternate hypotheses tested by this equation because the null hypothesis cannot be accepted at \( < 0.001 \) (\( F = 38.999, \alpha < 0.001 \)).

The discussion in this sub-section will concentrate on reporting the results related to the two IVs that represent the separate direct relationships between each of the two factors (\( X_1 \) and \( X_2 \)) and financial performance (\( X_5 \)). There are significant results for two hypotheses (H.4.3 and H.6.3). Firstly, there is a positive and significant relationship (\( \beta = 0.207, \alpha = 0.001 \)) between the general services and financial performance (H.4.3). Similarly, there is a positive and significant relationship (\( \beta = 0.268, \alpha = 0.001 \)) between the social responsibility services and financial performance (H.6.3).
Table 5.12: A to B to C Regression analysis hypothesis $H_{4.3}$, $H_{6.3}$, and $H_{10.3}$. Equation (5.6) consisting of two A and B (three IVs) on dependent variable: financial performance (C)

<table>
<thead>
<tr>
<th>Hypothesis Path Coefficient</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig. 1-tailed</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sub-section General Service</td>
<td>$H_{4.3}$ $P_{5.1}$</td>
<td>0.207</td>
<td>3.224</td>
<td>0.001</td>
</tr>
<tr>
<td>Social Responsibility</td>
<td>$H_{6.3}$ $P_{5.2}$</td>
<td>0.268</td>
<td>3.311</td>
<td>0.001</td>
</tr>
<tr>
<td>Sub-section Customer's</td>
<td>$H_{10.3}$ $P_{5.4}$</td>
<td>0.329</td>
<td>3.811</td>
<td>0.000</td>
</tr>
<tr>
<td>Satisfaction</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted R Square F (4,370)</td>
<td></td>
<td>0.384</td>
<td>&lt; 0.001</td>
<td></td>
</tr>
<tr>
<td>Sig.</td>
<td></td>
<td>38.999</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Dependent variable: financial performance

5.2.3 The relationship between customer satisfaction and financial performance

As mentioned above, hypotheses $H_{10.1}$, $H_{10.2}$, and $H_{10.3}$ were developed from the discussion contained in chapter three. In both Islamic banks and Arab banks, a positive relationship between customer satisfaction ($X_4$) and financial performance ($X_5$) is predicted in hypothesis $H_{10.1}$. In Islamic banks as well, a positive relationship between customer satisfaction ($X_4$) and financial performance ($X_5$) is predicted in hypothesis $H_{10.2}$. In the Arab banks, a positive relationship between customer satisfaction ($X_4$) and financial performance ($X_5$) is predicted in hypothesis $H_{10.3}$.

In sub-section 5.2.2, Tables 5.10, 5.11, and 5.12 show the results of the regression for the four IVs ($X_1$, $X_2$, $X_3$, and $X_4$) on DV financial performance ($X_5$) for both banks (Islamic banks and Arab banks) and Islamic banks and Table 5.12 shows the results of the regression for the three IVs ($X_1$, $X_2$, and $X_4$) on DV financial performance ($X_5$) for Arab banks. The discussion in this
sub-section will concentrate on reporting the results related to the four IVs that represent the separate relationships between customer satisfaction (X4) and financial performance (X5).

There are significant results reported in Tables 5.10, 5.11, and 5.12 for hypotheses H10.1, H10.2, and H10.3. In both Islamic and Arab banks, a positive and significant relationship (\( \beta = 0.427, \alpha < 0.001 \)) has been found between customer satisfaction and financial performance (H10.1). Similarly, in Islamic banks, a positive and significant relationship (\( \beta = 0.310, \alpha = 0.001 \)) has been found between customer satisfaction and financial performance (H10.2). In Arab banks, a significant positive relationship (\( \beta =0.329, \alpha < 0.001 \)) has been found between customer satisfaction and financial performance (H10.3).

Results from equations (5.2, 5.4, and 5.6) related to hypotheses H10.1, H10.2, and H10.3 are reported in Tables 5.10, 5.11, and 5.12. In both banks, Islamic and Arab banks, the path coefficient (P54) is significant. Each path coefficient is illustrated separately in Figures 5.4 (for both Islamic and Arab bank), 5.5 for Islamic banks, and 5.6 for Arab banks.

The results derived through the regression equations (5.1) to (5.6) have produced standardised regression coefficients (beta coefficients (\( \beta \)) that are depicted as Pij and represent path coefficients in path analysis. These path coefficients have been identified in each preceding subsection of section 5.2 of this dissertation and illustrated in their relevant models contained in figures 5.4 to 5.6. The decomposition of correlations has been performed and sets of simple (direct) and compound (indirect) paths are provided in Appendix C. These two advantages of path analysis mentioned in the last two sentences that were identified by Asher (1983) will enable the third advantage of path analysis to be used in section 5.3, the calculation of the measurement of direct (DE) and indirect (IE) effects that one variable has on another variable.

5.3 Calculations and Discussions on the Direct, Indirect and Total Effects of the three factors (general services, social responsibility services, and Sharia'h compliance services) on Financial Performance

Calculations and discussions of the direct, indirect, and total effects of the three factors (general services, social responsibility, and Sharia'h compliance) on Financial Performance are contained in this section. The purpose of the computations in this section is to provide a basis for
meaningful discussion about the mediating effects of customer satisfaction (X₄), which was postulated in hypotheses H₅, H₇, and H₉.

The discussions in chapter three were used to develop hypotheses (H₅, H₇, and H₉) about the intervening effects of customer satisfaction (X₄) on the direct relationships between each of the three factors (X₁, X₂, and X₃) and financial performance (X₅). The results of regression analyses using the six equations (5.1) to (5.6) are summarised in Tables 5.13, 5.14, and 5.15. The total effect (TE) of each three factors on financial performance will be determined by the addition of the DE (path coefficients from equation (5.2, 5.4 and 5.6) reported in sub-section 5.2.2 and (IE); the latter calculated using path coefficients from equations (5.1 to 5.6) reported in subsections 5.2.1 and 5.2.3. These calculations are presented in Tables 5.16, 5.17, and 5.18. This ability to calculate the TE is the advantage of the path analysis technique that will be utilised to provide meaningful information, and this will provide a basis for discussing the IE associated with the hypotheses relevant to this section.

Hypothesises H₁₀.₁ and H₁₀.₂ and H₁₀.₃ predicted a positive relationship between customer satisfaction (X₄) and financial performance (X₅). Based on the supposition in hypothesises H₁₀.₁, H₁₀.₂ and H₁₀.₃ customer satisfaction is predicted to have a positive intervening effect on the relationship between each three factors (X₁, X₂, and X₃) and financial performance (X₅) in hypothesises H₅, H₇, and H₉.

Tables 5.13, 5.14, and 5.15 contain a summary of the statistics for each path coefficient together with the relevant hypothesis and sub-section in which this information was reported in section 5.2. Significant path coefficients provide a significant IE. However, Bartol (1983) indicated that non-significant path coefficients pass the test of being meaningful when they are greater than or equal to 0.065.

For both banks, four path coefficients, labelled IE in Table 5.13, are used to calculate the four IE shown in Table 5.16. The three path coefficients, labelled DE in Table 5.13, are used to calculate the total effect (TE) calculated in Table 5.16.
Table 5.13: Statistics summary of Path coefficients for both banks

<table>
<thead>
<tr>
<th>Explanatory variable</th>
<th>Hypothesis</th>
<th>Path Coefficient</th>
<th>β(Beta)</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Equation(6.1)Sub-section Table (IE)</strong></td>
<td>General Service - Customer's Satisfaction</td>
<td>H1.1</td>
<td>P4.1</td>
<td>0.354 ****</td>
</tr>
<tr>
<td></td>
<td>Social Responsibility - Customers’ Satisfaction</td>
<td>H2.1</td>
<td>P4.2</td>
<td>0.650 ****</td>
</tr>
<tr>
<td><strong>Equation(6.2)Sub-section Table (DE)</strong></td>
<td>General Service - Financial performance</td>
<td>H4.1</td>
<td>P5.1</td>
<td>0.119 ****</td>
</tr>
<tr>
<td></td>
<td>Social Responsibility - Financial performance</td>
<td>H6.2</td>
<td>P5.2</td>
<td>0.133 ****</td>
</tr>
<tr>
<td></td>
<td>Shariah Compliance - Financial performance</td>
<td>H8.</td>
<td>P5.3</td>
<td>0.143 M</td>
</tr>
<tr>
<td><strong>Equation(6.2)Sub-section Table (IE)</strong></td>
<td>Customer's Satisfaction - Financial performance</td>
<td>H10.1</td>
<td>P5.4</td>
<td>0.427 ***</td>
</tr>
</tbody>
</table>

*** = < 0.01; **** = < 0.001= level significant and meaningful path coefficient

M = Not significant but meaningful Path coefficient (Bartol, 1983)

DE = direct effect path coefficient; (IE = Path coefficient that are components of the varies IEs)

The results summaries in Table 5.13 show that two of these four IE path coefficients are significant at less than 0.001; one IE path coefficient is significant at less than 0.01 while the remaining IE path coefficient is not significant. Similarly, two of the three DE path coefficients are significant at less than 0.001. The remaining DE path coefficient is not significant. Bartol (1983) indicated that non-significant path coefficients pass the test of being meaningful when they are greater than or equal to 0.065.
Table 5.14: Statistics summary of Path coefficients for Islamic banks

<table>
<thead>
<tr>
<th>Explanatory variable</th>
<th>Hypothesis</th>
<th>Path Coefficient</th>
<th>$\beta$(Beta)</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Equation(6.3)Sub-section Table (IE)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Service- Customer's Satisfaction</td>
<td>$H_{1.2}$</td>
<td>$P_{4.1}$</td>
<td>0.153</td>
<td>****</td>
</tr>
<tr>
<td>Social Responsibility- Customers’ Satisfaction</td>
<td>$H_{2.2}$</td>
<td>$P_{4.2}$</td>
<td>0.541</td>
<td>****</td>
</tr>
<tr>
<td>Sharia'h Compliance- Customers’ Satisfaction</td>
<td>$H_{3.}$</td>
<td>$P_{4.3}$</td>
<td>0.355</td>
<td>****</td>
</tr>
<tr>
<td><strong>Equation(6.4)Sub-section Table (DE)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Service- Financial performance</td>
<td>$H_{4.2}$</td>
<td>$P_{5.1}$</td>
<td>0.162</td>
<td>****</td>
</tr>
<tr>
<td>Social Responsibility- Financial performance</td>
<td>$H_{6.2}$</td>
<td>$P_{5.2}$</td>
<td>0.083</td>
<td>****</td>
</tr>
<tr>
<td>Sharia'h Compliance- Financial performance</td>
<td>$H_{8.}$</td>
<td>$P_{5.3}$</td>
<td>0.506</td>
<td>****</td>
</tr>
<tr>
<td><strong>Equation(6.4)Sub-section Table (IE)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customers’ Satisfaction- Financial performance</td>
<td>$H_{10.2}$</td>
<td>$P_{5.4}$</td>
<td>0.310</td>
<td>***</td>
</tr>
</tbody>
</table>

*** = < 0.01; **** = < 0.001 = level significant and meaningful path coefficient  
DE = direct effect path coefficient; (IE = Path coefficient that are components of the varies IEs

For Islamic banks, four path coefficients, labelled IE in Table 5.14, are used to calculate the four IE shown in Table 5.17. The three path coefficients, labelled DE in Table 5.14, are used to calculate the total effect (TE) calculated in Table 5.17.

The results summarized in Table 5.14 show that three IE path coefficients are significant, at less than 0.001 while the remaining IE path coefficient is significant at less than 0.01. All three DE path coefficients are significant at less than 0.001.

For the Arab bank, three path coefficients, labelled IE in Table 5.15, are used to calculate the three IE shown in Table 5.18. The two path coefficients, labelled DE in Table 5.15, are used to calculate the total effect (TE) calculated in Table 5.18.
The results summaries in Table 5.15 show that two IE path coefficients are significant, at less than 0.001 while the remaining IE path coefficient is significant at less than 0.01. Two of the DE path coefficients are significant at less than 0.001.

<table>
<thead>
<tr>
<th>Explanatory variable</th>
<th>Hypothesis</th>
<th>Path Coefficient</th>
<th>β(Beta)</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equation(6.5)Sub-section Table (IE)</td>
<td>General Service – Customers’ Satisfaction</td>
<td>H1.3</td>
<td>P4.1</td>
<td>0.316</td>
</tr>
<tr>
<td></td>
<td>Social Responsibility – Customers’ Satisfaction</td>
<td>H2.3</td>
<td>P4.2</td>
<td>0.653</td>
</tr>
<tr>
<td>Equation(6.6)Sub-section Table (DE)</td>
<td>General Service - Financial performance</td>
<td>H4.3</td>
<td>P5.1</td>
<td>0.207</td>
</tr>
<tr>
<td></td>
<td>Social Responsibility - Financial performance</td>
<td>H6.3</td>
<td>P5.2</td>
<td>0.268</td>
</tr>
<tr>
<td>Equation(6.6)Sub-section Table (IE)</td>
<td>Customers’ Satisfaction - Financial performance</td>
<td>H10.3</td>
<td>P5.4</td>
<td>0.329</td>
</tr>
</tbody>
</table>

*** = < 0.01; **** = < 0.001= level significant and meaningful path coefficient
DE = direct effect path coefficient; (IE = Path coefficient that are components of the varies IEs

Assessing the eight hypotheses H_5, H_7, and H_9 requires the calculation of the TE for each relevant intervening variable, which is achieved by an examination of the DE and IE components of the relevant TE. Calculating the TE related to customer satisfaction (X_4) as an intervening variable on the relationship between each of three factors (X_1, X_2 and X_3) and financial performance (X_5) requires the identification of the relevant DE and calculation of relevant IE. For both banks and for Islamic banks, the DE is depicted by the specific path coefficient (i.e., P_{51} to P_{53}) that is relevant to the specific hypothesis), while the IE involves the multiplication of the path coefficient (P_{54}) by one of the path coefficients (P_{41} to P_{43}) which is relevant to the specific hypothesis.
Table 5.16: Calculations of IE, DE, and TE for Hypothesis H\textsubscript{5.1} and H\textsubscript{7.1} for both banks

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Path Coefficients</th>
<th>Calculation</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>H\textsubscript{5.1} (General Service- Customers’ Satisfaction- Financial performance)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IE</td>
<td>$P_{54} \times P_{41}$</td>
<td>$0.427 \times 0.354$</td>
<td>0.151</td>
</tr>
<tr>
<td>DE</td>
<td>$P_{51}$</td>
<td>0.119</td>
<td>0.119</td>
</tr>
<tr>
<td>TE</td>
<td>$P_{51} + (P_{54} \times P_{41})$</td>
<td>$0.119 + (0.427 \times 0.354)$</td>
<td>0.270</td>
</tr>
<tr>
<td><strong>H\textsubscript{7.1} (Social Responsibility – Customers’ Satisfaction- Financial performance)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IE</td>
<td>$P_{54} \times P_{42}$</td>
<td>$0.427 \times 0.650$</td>
<td>0.278</td>
</tr>
<tr>
<td>DE</td>
<td>$P_{52}$</td>
<td>0.133</td>
<td>0.133</td>
</tr>
<tr>
<td>TE</td>
<td>$P_{52} + (P_{54} \times P_{42})$</td>
<td>$0.133 + (0.427 \times 0.650)$</td>
<td>0.411</td>
</tr>
</tbody>
</table>

Using the relevant statistics and path coefficients from Table 5.16, DEs are identified and IEs calculated to enable TEs to be computed. For both banks, calculations relevant to the two hypotheses H\textsubscript{5.1} and H\textsubscript{7.1} are shown in Table 5.16. The path coefficient $P_{41}$ that is one of the path coefficients of the IE is significant (0.151), which indicates the result does support hypothesis H\textsubscript{5.1}.

Similarly, the positive significant path coefficients that form the IE (0.278) in Table 5.16 supports the intervening effect of customer satisfaction hypothesised in hypothesis H\textsubscript{7.1}. The result indicates customer satisfaction has a positive mediating effect on the relationship in hypothesis H\textsubscript{7.1}.

Table 5.17: Calculations of IE, DE, and TE for Hypothesis H\textsubscript{5.2}, H\textsubscript{7.2} and H\textsubscript{9} for Islamic banks

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Path Coefficients</th>
<th>Calculation</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>H\textsubscript{5.2} (General Service- Customer Satisfaction- Financial performance)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IE</td>
<td>$P_{54} \times P_{41}$</td>
<td>$0.310 \times 0.153$</td>
<td>0.047</td>
</tr>
<tr>
<td>DE</td>
<td>$P_{51}$</td>
<td>0.162</td>
<td>0.162</td>
</tr>
<tr>
<td>TE</td>
<td>$P_{51} + (P_{54} \times P_{41})$</td>
<td>$0.162 + (0.310 \times 0.153)$</td>
<td>0.209</td>
</tr>
<tr>
<td><strong>H\textsubscript{7.2} (Social Responsibility – Customer Satisfaction- Financial performance)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IE</td>
<td>$P_{54} \times P_{42}$</td>
<td>$0.310 \times 0.541$</td>
<td>0.168</td>
</tr>
<tr>
<td>DE</td>
<td>$P_{52}$</td>
<td>0.083</td>
<td>0.083</td>
</tr>
<tr>
<td>TE</td>
<td>$P_{52} + (P_{54} \times P_{42})$</td>
<td>$0.083 + (0.310 \times 0.541)$</td>
<td>0.251</td>
</tr>
<tr>
<td><strong>H\textsubscript{9} (Sharia’h Compliance – Customer Satisfaction- Financial performance)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IE</td>
<td>$P_{54} \times P_{43}$</td>
<td>$0.310 \times 0.355$</td>
<td>0.110</td>
</tr>
<tr>
<td>DE</td>
<td>$P_{53}$</td>
<td>0.506</td>
<td>0.506</td>
</tr>
<tr>
<td>TE</td>
<td>$P_{53} + (P_{54} \times P_{43})$</td>
<td>$0.506 + (0.310 \times 0.355)$</td>
<td>0.606</td>
</tr>
</tbody>
</table>

Using the relevant statistics and path coefficients from Table 5.17, DEs are identified and IEs calculated to enable TEs to be computed. For Islamic banks, calculations relevant to the three hypotheses H\textsubscript{5.2}, H\textsubscript{7.2}, and H\textsubscript{9} are shown in Table 5.17. The path coefficient $P_{41}$ that is one of the
path coefficients of the IE is significant (0.047), which indicates the result does support hypothesis $H_{5.2}$.

Similarly, the positive significant path coefficients that form the IE (0.168) in Table 5.17 supports the intervening effect of customer satisfaction hypothesised in hypothesis $H_{7.2}$. The result indicates customer satisfaction has a positive mediating effect on the relationship in hypothesis $H_{7.2}$. The path coefficient $P_{43}$ that is one of the path coefficients of the IE is significant (0.110) in Table 5.17 and this suggests a positive mediating effect of customers’ satisfaction on the relationship in hypothesis $H_{9}$.

For Arab banks, The DE is depicted by the specific path coefficient (i.e., $P_{51}$ to $P_{52}$) that is relevant to the specific hypothesis), while the IE involves the multiplication of the path coefficient ($P_{54}$) by one of the path coefficients ($P_{41}$ to $P_{42}$) which is relevant to the specific hypothesis.

<table>
<thead>
<tr>
<th>H_{5.3} (General Service- Customer Satisfaction- Financial performance)</th>
<th>Table 5.18: calculations of IE, DE, and TE for Hypothesis H_{5.3} and H_{7.3} for Arab banks</th>
</tr>
</thead>
<tbody>
<tr>
<td>IE</td>
<td>= $P_{54} \times P_{41}$</td>
</tr>
<tr>
<td>DE</td>
<td>= $P_{51}$</td>
</tr>
<tr>
<td>TE</td>
<td>= $P_{51} + (P_{54} \times P_{41})$</td>
</tr>
</tbody>
</table>

| H_{7.3} (Social Responsibility - Customer Satisfaction- Financial performance) |
|---|---|
| IE | = $P_{54} \times P_{42}$ | = 0.329$\times$ 0.653 | = 0.215 |
| DE | = $P_{52}$ | = 0.268 | = 0.268 |
| TE | = $P_{52} + (P_{54} \times P_{42})$ | = 0.368$+$(0.329$\times$ 0.653) | = 0.483 |

Using the relevant statistics and path coefficients from Table 5.18, DEs are identified and IEs calculated to enable TEs to be computed. For Arab banks, calculations relevant to the three hypotheses $H_{5.3}$ and $H_{7.3}$ are shown in Table 5.18. The path coefficient $P_{41}$ that is one of the path coefficients of the IE is significant (0.104), which indicates the result does support hypothesis $H_{5.3}$. 


In the same way, the positive significant path coefficients that form the IE (0.215) in Table 5.18 support the intervening effect of customer satisfaction hypothesised in hypothesis H7.3. The result indicates customer satisfaction has a positive mediating effect on the relationship in hypothesis H7.3.

5.4 Results Summary

In chapter three, ten sets of hypotheses, which total twenty-seven, were developed using the empirical evidence and theoretical arguments identified in chapter two. Chapter four contained a discussion that identified and explained the selection of the research method and the random sample selection technique employed, as well as describing the participants and measurements adopted to test the hypotheses for the current study. Sections 5.2 presented and explained the results used to test each of the first seven sets of hypotheses (H1, H2, H3, H4, H6, H8, and H10). Furthermore, the calculations of IEs in section 5.3 permitted the meaningful interpretation of TEs for the three factors (General services, social responsibility services, and Sharia'h compliance services) on financial performance. Thus, the mediating effect of customer satisfaction as postulated in the following hypotheses (H5, H7, and H9) could be analysed and discussed.

Twenty-seven notations in the "results" column of Tables 5.19 and 5.20 relate to twenty-seven hypotheses and indicate whether these results support (S) or do not support (NS) the hypotheses as well as being meaningful (M) or not meaningful (NM) intervening path coefficients. Nineteen hypotheses were tested by this study of which seventeen supporting notations appear in Table 5.19. All of the nineteen hypotheses tested (H1, H2, H3, H4, H6, H8, and H10) are supported by the statistics. Hypothesis H3.1 was not significant and not meaningful, while hypothesis H8.1 was not significant but meaningful.

Seven hypotheses (H5, H7, and H9) relate to the intervening effect of customer satisfaction and seven supporting notations appear in Table 5.20.
5.5 Chapter Summary
Section 6.1 provides an explanation of the path analysis technique. Its advantages, limitations and suitability for providing meaningful results appropriate to test H_1 to H_7 is provided in this section. The results of the path analysis are reported in section 5.2 while TE calculations are undertaken in section 5.3 and discussed in relation to the mediating effect postulated in H_8 to H_{10}. A summary of the results is provided in section 5.4. In chapter 6, results will be discussed, limitations of the current study will be identified, and an explanation provided about the implications of these empirical findings for future research, theory development and application in practice.
Table 5.19: Summary of results for testing hypotheses H₁, H₂, H₃, H₄, H₆, H₈, and H₁₀

<table>
<thead>
<tr>
<th>No</th>
<th>Result</th>
<th>Description of hypotheses</th>
</tr>
</thead>
<tbody>
<tr>
<td>H₁₁</td>
<td>S</td>
<td>There is a positive association between the provision of superior general services by Jordanian banks and customer satisfaction</td>
</tr>
<tr>
<td>H₁₂</td>
<td>S</td>
<td>There is a positive association between the provision of superior general services by Jordanian Islamic banks and customer satisfaction</td>
</tr>
<tr>
<td>H₁₃</td>
<td>S</td>
<td>There is a positive association between the provision of superior general services by Jordanian conventional banks and customer satisfaction</td>
</tr>
<tr>
<td>H₂₁</td>
<td>S</td>
<td>There is a positive association between the provision of high level of socially responsible services by Jordanian banks and customer satisfaction.</td>
</tr>
<tr>
<td>H₂₂</td>
<td>S</td>
<td>There is a positive association between the provision of high level of socially responsible services by Jordanian Islamic bank and customer satisfaction.</td>
</tr>
<tr>
<td>H₂₃</td>
<td>S</td>
<td>There is a positive association between the provision of high level of socially responsible services by Jordanian conventional banks and customer satisfaction.</td>
</tr>
<tr>
<td>H₃</td>
<td>S</td>
<td>There is a positive association between the provision of Shariah compliance services and customer satisfaction for Jordanian Islamic banks</td>
</tr>
<tr>
<td>H₄₁</td>
<td>S</td>
<td>There is a positive relationship between the provision of superior general services by Jordanian banks and financial performance</td>
</tr>
<tr>
<td>H₄₂</td>
<td>S</td>
<td>There is a positive relationship between the provision of superior general services by Jordanian Islamic banks and financial performance</td>
</tr>
<tr>
<td>H₄₃</td>
<td>S</td>
<td>There is a positive relationship between the provision of superior general services by Jordanian conventional banks and financial performance</td>
</tr>
<tr>
<td>H₆₁</td>
<td>S</td>
<td>There is a positive relationship between the provision of high level of socially responsible services by Jordanian banks and financial performance.</td>
</tr>
<tr>
<td>H₆₂</td>
<td>S</td>
<td>There is a positive relationship between the provision of high level of socially responsible services by Jordanian Islamic banks and financial performance.</td>
</tr>
<tr>
<td>H₆₃</td>
<td>S</td>
<td>There is a positive relationship between the provision of high level of socially responsible services by Jordanian conventional banks and financial performance.</td>
</tr>
<tr>
<td>H₈</td>
<td>S</td>
<td>There is a positive relationship between the provision of Shariah compliance services by Jordanian Islamic banks and financial performance</td>
</tr>
<tr>
<td>H₁₀₁</td>
<td>S</td>
<td>There is a positive relationship between customer satisfaction with Jordanian banks and financial performance.</td>
</tr>
<tr>
<td>H₁₀₂</td>
<td>S</td>
<td>There is a positive relationship between customer satisfaction with Jordanian Islamic banks and financial performance.</td>
</tr>
<tr>
<td>H₁₀₃</td>
<td>S</td>
<td>There is a positive relationship between customer satisfaction with Jordanian conventional banks and financial performance.</td>
</tr>
</tbody>
</table>

S = Supported
Table 5.20: Summary of calculation results for hypotheses H₅, H₇, and H₉

<table>
<thead>
<tr>
<th>No</th>
<th>Results</th>
<th>Description of hypotheses</th>
</tr>
</thead>
<tbody>
<tr>
<td>H₅.₁</td>
<td>S</td>
<td>There is a positive relationship between the provision of superior general services by Jordanian banks and financial performance mediated by customer satisfaction</td>
</tr>
<tr>
<td>H₅.₂</td>
<td>S</td>
<td>There is a positive relationship between the provision of superior general services by Jordanian Islamic banks and financial performance mediated by customer satisfaction</td>
</tr>
<tr>
<td>H₅.₃</td>
<td>S</td>
<td>is a positive relationship between the provision of superior general services by Jordanian conventional banks and financial performance mediated by customer satisfaction</td>
</tr>
<tr>
<td>H₇.₁</td>
<td>S</td>
<td>There is a positive relationship between the provision of high level of socially responsible services by Jordanian banks and financial performance mediated by customer satisfaction</td>
</tr>
<tr>
<td>H₇.₂</td>
<td>S</td>
<td>is a positive relationship between the provision of high level of socially responsible services by Jordanian Islamic banks and financial performance mediated by customer satisfaction.</td>
</tr>
<tr>
<td>H₇.₃</td>
<td>S</td>
<td>There is a positive relationship between the provision of high level of socially responsible services by Jordanian conventional banks and financial performance mediated by customer satisfaction</td>
</tr>
<tr>
<td>H₉</td>
<td>S</td>
<td>There is a positive relationship between the provision of Sharia’h compliance services by Jordanian Islamic banks and financial performance mediated by customer satisfaction</td>
</tr>
</tbody>
</table>

S = Supported
Chapter 6
Discussion of Results, Implications, Limitations, Recommendations and Conclusions

6.0 Introduction
The audience is delineated as one of government officials concerned with finance, for economists and for those countries hit by the world economic downturn. Within international and national boundaries it will be useful for managers, and shareholders making strategic decisions, bank customers and employees, and most usefully – academics who will build on the theorising. Western banks may be encouraged to operate Sharia’h windows and businessmen may borrow according to Sharia’h as a viable option.

The problem of checking results in a developed and an undeveloped country concerning increased profitability implied by the relationship between service quality and financial performance found by Duncan and Elliot (2002) in an Australian (developed country) was verified in Jordan (undeveloped country) study.
Conflicting evidence about Asian (Malaysian – developed) Muslim banks were chosen for religious motivation but differed in customer satisfaction even within Malaysian banks while Arab (mostly undeveloped) Islamic banks were recently chosen for religious reasons then customer satisfaction.

This chapter discusses the results reported in chapter 5 related to ten sets of hypotheses, which totals 26 hypotheses, that were developed in chapter 3 using empirical evidence and theoretical arguments identified in chapter 2. These hypotheses relate to a number of issues. Hypotheses H1.1, H2.1, each relate to a separate relationship between one of the following three services (general services, corporate social responsibility services, and Sharia'h compliance services) which are provided by Jordanian banks (Islamic banks and Arab banks) and customer satisfaction. Hypotheses H1.2, H2.2, and H3, each relate to a separate relationship between one of the following three services (general services, corporate social responsibility services, and Sharia'h compliance services) the last of which only are provided by Islamic banks, and customer satisfaction. Hypotheses H1.3 and H2.3 each relate to a separate relationship between one of the
following two services (general services and corporate social responsibility services) which are provided by Arab banks and customers satisfaction.

Separate relationships among each of the three types of services provided by Jordanian banks (Islamic banks and Arab banks) and financial performance are addressed through three separate hypotheses (H4.1, H6.1). Separate relationships between each of the three types of services provided by Islamic banks and financial performance are addressed through three separate hypotheses (H4.2, H6.2, and H8.). Separate relationships between each of the two types of services provided by Arab banks and financial performance are addressed through three separate hypotheses (H4.3 and H6.3). Likewise, three hypotheses (H10.1, H10.2, and H10.3) consider the separate relationships between customer satisfaction with Jordanian banks (Islamic banks and Arab banks), and financial performance.

The mediating effect of customers' satisfaction on the relationships between each of the three types of services provided by Jordanian banks (Islamic banks and Arab banks) and financial performance are proposed through three separate hypotheses (H5.1 and H7.1). The mediating effect of customer satisfaction on the relationships between each of the three types of services provided by Islamic banks and financial performance are proposed through three separate hypotheses (H5.2, H6.2, and H9). The mediating effect of customer satisfaction on the relationships between each of the two types of services provided by Arab banks and financial performance are proposed through two separate hypotheses (H5.3 and H7.3).

Discussion about the results is provided in section 6.1 while implications for future research and practice are presented in section 6.2 and limitations of the study are contained in section 6.3. Conclusions about the current research are complied in section 6.4, which include comments about the success of the present study to achieve its objectives and the contribution of the outcomes.

6.1 Discussion about the results
In chapter 5, Table 5.19 provides the 17 hypotheses as well as an indication about whether each is supported or not by the results of the analysis. Also Table 5.20 presents the results for calculations and supporting notations related to the intervening effect of the customer satisfaction
seven hypotheses. Table 6.1 summarises these relationships and results, which have been used as the basis for the discussion in the following three sub-sections.

Results for relationships that are proposed in Hypotheses H_{1.1}, H_{2.1} between each of the three types of services provided by Jordanian banks (Islamic banks and Arab banks) and customer satisfaction are discussed in sub-section 6.1.1. In addition, sub-section 6.1.1 presents results for the relationships proposed in hypotheses H_{1.2}, H_{2.2}, and H_{3.2} between each of the three types of services provided by Islamic banks and customer satisfaction. Results for relationships that are proposed in Hypotheses H_{1.3} and H_{2.3} between each of the two types of services provided by Arab banks and customer satisfaction are also discussed in sub-section 6.1.1. Included as well in sub-section 6.1.1 is a discussion on results for relationships between each of the three types of services provided by either Jordanian banks (Islamic banks and Arab banks) or Islamic banks and financial performance, which relates to hypotheses H_{4.1}, H_{4.2}, H_{6.1}, H_{6.2}, , H_{8}. Results for relationships that are proposed in hypotheses H_{4.3} and H_{6.3} between each of the two types of services provided by Arab banks and financial performance are discussed in sub-section 6.1.1.
Table 6.1: Summary of Relationships and Results for Hypotheses $H_1$ to $H_{10}$

<table>
<thead>
<tr>
<th>No</th>
<th>Description of hypotheses</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>$H_{1.1}$</td>
<td>There is a positive association between the provision of superior general services by Jordanian banks and customer satisfaction</td>
<td>S</td>
</tr>
<tr>
<td>$H_{1.2}$</td>
<td>There is a positive association between the provision of superior general services by Jordanian Islamic banks and customer satisfaction</td>
<td>S</td>
</tr>
<tr>
<td>$H_{1.3}$</td>
<td>There is a positive association between the provision of superior general services by Jordanian conventional banks and customer satisfaction</td>
<td>S</td>
</tr>
<tr>
<td>$H_{2.1}$</td>
<td>There is a positive association between the provision of high level of socially responsible services by Jordanian banks and customer satisfaction</td>
<td>S</td>
</tr>
<tr>
<td>$H_{2.2}$</td>
<td>There is a positive association between the provision of high level of socially responsible services by Jordanian Islamic banks and customer satisfaction</td>
<td>S</td>
</tr>
<tr>
<td>$H_{2.3}$</td>
<td>There is a positive association between the provision of high level of socially responsible services by Jordanian conventional banks and customer satisfaction.</td>
<td>S</td>
</tr>
<tr>
<td>$H_{3}$</td>
<td>There is a positive association between the provision of Sharia'h compliance services and customer satisfaction for Jordanian Islamic banks</td>
<td>S</td>
</tr>
<tr>
<td>$H_{4.1}$</td>
<td>There is a positive relationship between the provision of superior general services by Jordanian banks and financial performance</td>
<td>S</td>
</tr>
<tr>
<td>$H_{4.2}$</td>
<td>There is a positive relationship between the provision of superior general services by Jordanian Islamic banks and financial performance</td>
<td>S</td>
</tr>
<tr>
<td>$H_{4.3}$</td>
<td>There is a positive relationship between the provision of superior general services by Jordanian conventional banks and financial performance</td>
<td>S</td>
</tr>
<tr>
<td>$H_{5.1}$</td>
<td>There is a positive relationship between the provision of superior general services by Jordanian banks and financial performance mediated by customer satisfaction.</td>
<td>S</td>
</tr>
<tr>
<td>$H_{5.2}$</td>
<td>There is a positive relationship between the provision of superior general services by Jordanian Islamic banks and financial performance mediated by customer satisfaction</td>
<td>S</td>
</tr>
<tr>
<td>$H_{5.3}$</td>
<td>There is a positive relationship between the provision of superior general services by Jordanian conventional banks and financial performance mediated by customer satisfaction</td>
<td>S</td>
</tr>
<tr>
<td>$H_{6.1}$</td>
<td>There is a positive relationship between the provision of high level of socially responsible services by Jordanian banks and financial performance.</td>
<td>S</td>
</tr>
<tr>
<td>$H_{6.2}$</td>
<td>There is a positive relationship between the provision of high level of socially responsible services by Jordanian Islamic banks and financial performance.</td>
<td>S</td>
</tr>
<tr>
<td>No</td>
<td>Description of hypotheses</td>
<td>Result</td>
</tr>
<tr>
<td>-----</td>
<td>-------------------------------------------------------------------------------------------</td>
<td>--------</td>
</tr>
<tr>
<td>H₆.₃</td>
<td>There is a positive relationship between the provision of high level of socially responsible services by Jordanian conventional banks and financial performance</td>
<td>S</td>
</tr>
<tr>
<td>H₇.₁</td>
<td>There is a positive relationship between the provision of high level of socially responsible services by Jordanian banks and financial performance mediated by customer satisfaction</td>
<td>S</td>
</tr>
<tr>
<td>H₇.₂</td>
<td>There is a positive relationship between the provision of high level of socially responsible services by Jordanian Islamic banks and financial performance mediated by customer satisfaction</td>
<td>S</td>
</tr>
<tr>
<td>H₇.₃</td>
<td>There is a positive relationship between the provision of high level of socially responsible services by Jordanian conventional banks and financial performance mediated by customer satisfaction</td>
<td>S</td>
</tr>
<tr>
<td>H₈</td>
<td>There will not be an association between the provision of Sharia’h compliance services and financial performance for all Jordanian banks.</td>
<td>S</td>
</tr>
<tr>
<td>H₉</td>
<td>There is a positive relationship between the provision of Sharia’h compliance services by Jordanian Islamic banks and financial performance mediated by customer satisfaction</td>
<td>S</td>
</tr>
<tr>
<td>H₁₀.₁</td>
<td>There is a positive relationship between customer satisfaction with Jordanian banks and financial performance</td>
<td>S</td>
</tr>
<tr>
<td>H₁₀.₂</td>
<td>There is a positive relationship between customer satisfaction with Jordanian Islamic banks and financial performance</td>
<td>S</td>
</tr>
<tr>
<td>H₁₀.₃</td>
<td>There is a positive relationship between customer satisfaction with Jordanian conventional banks and financial performance</td>
<td>S</td>
</tr>
</tbody>
</table>

S = Supported

Hypotheses H₁₀.₁, H₁₀.₂, and H₁₀.₃ are the focus in sub-section 6.1.2 where results are discussed for relationships between customers' satisfaction with Jordanian banks (Islamic banks and Arab banks), Islamic banks, and Arab banks, and financial performance. Finally, in sub-section 6.1.3, the discussion relates to results for the mediating effect of customers' satisfaction on the relationships between the services provided by Jordanian banks (Islamic banks and Arab banks), Islamic banks, or Arab banks, and financial performance. These results are postulated in hypotheses H₅.₁ to H₅.₃, H₇.₁ to H₇.₃, and H₉.
6.1.1 Results for general services, corporate social responsibility services, Sharia'h compliance services, customer satisfaction, and financial performance

Results for hypotheses one, two, three, four, six, and eight will be discussed, respectively, under the following three sub-sections 6.1.1.1, 6.1.1.2, and 6.1.1.3 of this sub-section.

6.1.1.1 Hypotheses H\textsubscript{1.1}, H\textsubscript{2.1}.

Hypotheses H\textsubscript{1.1}, H\textsubscript{2.1} proposed positive relationships between the provision of the following services (general services, corporate social responsibility services, and Sharia'h compliance services) by Jordanian banks (Islamic banks and Arab banks) and customer satisfaction. Table 6.1 provides a summary of the relationships postulated by each of these three hypotheses. The relationships in these hypotheses were developed based on evidence and discussions in chapter 2 and the results are reported chapter 5.

Hypotheses H\textsubscript{1.1} proposed that there is a positive relationships between the provision of superior general services by Jordanian banks (Islamic bank and Arab banks) and customer satisfaction. The results in Table 5.7 show a positive and significant relationship for this path coefficient (P\textsubscript{41}). Therefore, the results do support hypothesis H\textsubscript{1.1}. These findings are consistent with the results of studies reported in the literature reviewed in chapter 2 (Abdullah and Kassim, 2009; Alhemoud, 2008; Amin and Isa, 2008; Arasile et al., 2005a; Arasile et al., 2005b; Erol and El-dour, 1989; Jamal and Naser, 2003; Naser et al., 1999; Osman et al., 2009; Othman and Owen, 2000; Rod et al., 2008; TantaKalim and Lee, 2006; Wang et al., 2003).

A positive and significant relationship between the provision of corporate social responsibility services by Jordanian banks (Islamic banks and Arab banks) and customer satisfaction is postulated for hypothesis H\textsubscript{2.1}, in which the results in Table 5.7 provide support for this positive and significant path coefficient P\textsubscript{42}. These results are consistent with the results of prior studies reported in the literature reviewed in chapter 2 (Al-Khater and Naser, 2003; Classon and Dahlstrom, 2006; Dawkins and Lewis, 2003; Dusuki and Abdullah, 2007; Sureshchandar et al., 2002).

The positive path coefficient P\textsubscript{43} is revealed to be positive and not significant from the results
The results for the *provision of superior general services by Islamic* banks support prior findings (e.g., Abdullah and Kassim, 2009; Amin and Isa, 2008; Hamid and Norden, 2001; Osman et al., 2009; Othman and Owen).

In summary, the positive relationships proposed by hypotheses H1.1 and H2.1 were supported. Furthermore, the results therefore support the proposition that relationships between each two factors (General services, corporate and social responsibility services, and customer satisfaction for both Jordanian Islamic and conventional banks.

### 6.1.1.2 Hypotheses H1.2, H2.2, and H3.

Hypotheses H1.2, H2.2, and H3 proposed positive relationships between the provision of the following services (general services, corporate social responsibility services, and Sharia'h compliance services) by Islamic banks, and customer satisfaction. Table 6.1 provides a summary of the relationships postulated by each of these three hypotheses. The relationships in these hypotheses were developed based on evidence and discussions in chapter 2 with the results reported in chapter 5.

Hypotheses H1.2 proposed that there is a positive and significant relationships between the *provision of superior general services by Islamic banks* and customer satisfaction. The results in Table 5.8 show a positive and significant relationship for this path coefficient (P41). Therefore, the results do support hypothesis H1.2. These findings are consistent with the results of studies reported in the literature reviewed in chapter 2 (Abdullah and Kassim, 2009; Alhemoud, 2008; Amin and Isa, 2008; Erol and El-Bdour, 1989; Jamal and Naser, 2003; Naser et al., 1999; Osman et al., 2009; Othman and Owen, 2000; Rod et al., 2008; TantaKalim and Lee, 2006).

A positive and significant relationship between the *provision of corporate social responsibility services by Islamic banks* and customer satisfaction is postulated for hypothesis H2.2, to which the results in Table 5.8 provide support for this positive and significant path coefficient P42. These results are consistent with the results of prior studies reported in the literature reviewed in chapter 2 (Al-Khater and Naser, 2003; Dusuki and Abdullah, 2007). Similarly, the supposition of a positive relationship between the *provision of Sharia'h compliance services by Islamic banks* and customer satisfaction is provided by hypothesis H3.2. The positive path
coefficient $P_{43}$ is revealed to be positive and significant from the results in Table 5.8, and therefore, supports hypothesis H3.

The results for the *provision of superior general services by Islamic* banks support prior findings (e.g., Abdullah and Kassim, 2009; Amin and Isa, 2008; Hamid and Norden, 2001; Osman et al., 2009; Othman and Owen, 2000).

In summary, positive relationships proposed by hypotheses H1.2, H2.2, and H3 were supported. The results therefore support the proposition that relationships exist between each of the three factors (General services, corporate social responsibility services, and Sharia'h compliance services) and customer satisfaction for Jordanian Islamic banks.

### 6.1.1.3 Hypotheses H1.3 and H2.3

Hypotheses H1.3 and H2.3 proposed positive relationships between the provision of general services and corporate social responsibility services by Arab banks and customer satisfaction. Table 6.1 provides a summary of the relationships postulated by each of these two hypotheses. The relationships in these hypotheses were developed based on evidence and discussions in chapter 2 and the results are reported chapter 5.

Hypothesises H1.3 proposed that there is a positive and significant relationships between the *provision of superior general services by Arab banks* and customer satisfaction. The results in Table 5.9 show a positive and significant relationship for this path coefficient ($P_{41}$). Therefore, the results do support hypothesis H1.3. These findings are consistent with the results of studies reported in the literature reviewed in chapter 2 (Arasile et al., 2005a; Arasile et al., 2005b; Rod et al., 2008; TantaKalim and Lee, 2006; Wang et al., 2003).

A positive and significant relationship between the *provision of corporate social responsibility services by Arab banks* and customer satisfaction is postulated for hypothesis H2.3, to which the results in Table 5.9 provide support for this positive and significant path coefficient $P_{42}$.

These results are consistent with the results of prior studies reported in the literature reviewed in chapter 2 (Al-Khater and Naser, 2003; Classon and Dahlstrom, 2006; Dawkins and Lewis, 2003; Sureshchandar et al., 2002).
The results for the provision of superior general services by Islamic banks support prior findings (e.g., Abdullah and Kassim, 2009; Amin and Isa, 2008; Hamid and Norden, 2001; Osman et al., 2009; Othman and Owen).

In summary, positive relationships proposed by hypotheses H1.3 and H2.3 were supported. The results therefore support the proposition that relationships between each two factors (General services and corporate social responsibility services) and customer satisfaction are the same.

6.1.1.4 Hypotheses H4.1, H6.1,

Hypotheses H4.1, H6.1, proposed positive relationships between the provision of the following services (general services, corporate social responsibility services, and Sharia'h compliance services) by Jordanian banks (Islamic banks and Arab banks) and financial performance. A summary of the relationships postulated by each of these three hypotheses is provided in Table 6.1. The relationships in these hypotheses were developed based on evidence and discussions in chapter 2 and the results are reported in chapter 5.

Hypothesis H4.1 proposed that there is a positive relationship between the provision of superior general services by Jordanian banks (Islamic bank and Arab banks) and financial performance. The results in Table 5.10 show a positive and significant relationship for this path coefficient (P51). Therefore, the results do support hypothesis H4.1. This evidence supports the findings predicted by the prior studies (Arasile et al., 2005a; Arasile et al., 2005b; Caruana, 2002; Dusuki, 2006; Newman, 2001; Wang et al., 2003). These were discussed in chapter 2 and used to formulate hypothesis H4.1.

A positive and significant relationship between the provision of corporate social responsibility services by Jordanian banks (Islamic banks and Arab banks) and financial performance is postulated for hypothesis H6.1, for which the results in Table 5.10 provide support. So this is positive and significant path coefficient P52. These results are consistent with the results of prior studies reported in the literature reviewed in chapter 2 (Al-Khater and Naser, 2003; Classon and Dahlstrom, 2006; Dawkins and Lewis, 2003; Dusuki and Abdullah, 2007; Dusuki and Dar, 2006; Horn and Rantzien, 2003; Kotler and Lee, 2005; Simpson and Kohers, 2002; Sureshchandar et al., 2002).
A synopsis of the findings discussed in this sub-section is that hypotheses H_{4.1}, H_{6.1}, are supported by the results.

6.1.1.5 Hypotheses H_{4.2}, H_{6.2}, and H_{8}

Hypotheses H_{4.2}, H_{6.2}, and H_{8} proposed positive relationships between the provision of the following services (general services, corporate social responsibility services, and Sharia'h compliance services) by Islamic banks and financial performance. A summary of the relationships postulated by each of these three hypotheses is provided in Table 6.1. The relationships in these hypotheses were developed based on evidence and discussions in chapter 2 and the results are reported in chapter 5.

Hypothesis H_{4.2} proposed that there is a positive relationship between the provision of superior general services by Islamic banks and financial performance. The results in Table 5.11 show a positive and significant relationship for this path coefficient (P_{51}). Therefore, the results do support hypothesis H_{4.2}. This evidence supports the findings predicted by the prior studies (Dusuki and Dar, 2006) which were discussed in chapter 2 and used to formulate hypothesis H_{4.2}. A positive and significant relationship between the provision of corporate social responsibility services by Islamic banks and financial performance is postulated for hypothesis H_{6.2}. The results in Table 5.11 provide support for this positive and significant path coefficient P_{52}. Such results are consistent with those of prior studies reported in the literature reviewed in chapter 2 (Dusuki and Abdullah, 2007; Dusuki and Dar, 2006).

The supposition of a positive relationship between the provision of Sharia'h compliance services by Islamic banks and financial performance is provided by hypothesis H_{6.2}. The positive path coefficient P_{53} is revealed to be positive and significant from the results in Table 5.11, and therefore, supports hypothesis H_{8}. These results are consistent with the results of prior studies reported in the literature reviewed in chapter 2 (Dusuki and Dar, 2006). A synopsis of the findings discussed in this sub-section is that hypotheses H_{4.2}, H_{6.2}, and H_{8} are supported by the results.
6.1.1.6 Hypotheses H₄.₃ and H₆.₃

Hypotheses H₄.₃ and H₆.₃ proposed positive relationships between the provision of the following services (general services and corporate social responsibility services) by Arab banks, and financial performance. A summary of the relationships postulated by each of these two hypotheses is provided in Table 6.1. The relationships in these hypotheses were developed based on evidence and discussions in chapter 2 and the results were reported in chapter 5.

Hypothesis H₄.₃ proposed that there is a positive relationship between the provision of superior general services by Arab banks and financial performance. The results in Table 5.12 show a positive and significant relationship for this path coefficient (P₅₁). Therefore, the results do support hypothesis H₄.₃. This evidence supports the findings predicted by the prior studies (Arasile et al., 2005a; Arasile et al., 2005b; Caruana, 2002; Wang et al., 2003) which were discussed in chapter 2 and used to formulate hypothesis H₄.₃.

A positive and significant relationship between the provision of corporate social responsibility services by Arab banks and financial performance is postulated for hypothesis H₆.₃. This result in Table 5.12 provides support for this positive and significant path coefficient P₅₂. Results are consistent with the results of prior studies reported in the literature reviewed in chapter 2 (Classon and Dahlstrom, 2006; Dawkins and Lewis, 2003; Horn and Rantzien, 2003; Kotler and Lee, 2005; Simpson and Kohers, 2002; Sureshchandar et al., 2002).

A synopsis of the findings discussed in this sub-section is that hypotheses H₄.₃ and H₆.₃ are supported by the results.

6.1.2 Results for the Relationship between Customers' Satisfaction and Financial Performance

Results for hypotheses seven will be discussed under the following sub-section 6.1.2.1 of this sub-section.
6.1.2.1 Hypothesis H10.1, H10.2, and H10.3

In both Islamic banks and Arab banks, a positive relationship between customer satisfaction and financial performance is proposed in H10.1. In Islamic banks as well, a positive relationship between customer satisfaction and financial performance is proposed in hypothesis H10.2. In the Arab banks, positive relationship between customer satisfaction and financial performance is proposed in hypothesis H10.3. These hypotheses were developed based on evidence and discussions chapter 2. Results of the multiple regression analysis used to test these hypotheses are reported in chapter 5.

Results in Table 5.10 show a significant and positive-path coefficient P54, which support hypothesis H10.1. The findings are consistent with results of prior studies identified in chapter 2 (Alhemoud, 2008; Arasile et al., 2005; Dusuki and Dar, 2006; Homburg, Koschate, and Hoger, 2005; Jamal and Naser, 2003; Rust and Dikempe, 2008; Li, Sun, and Wilox, 2005;). In addition, results in Table 5.11 show a significant and positive-path coefficient P54, which support hypothesis H10.2. The findings are consistent with results of prior studies identified in chapter 2 (Dusuki and Dar, 2006; Jamal and Naser, 2003). Furthermore, results in Table 5.12 show a significant and positive-path coefficient P54, which support hypothesis H10.3. The findings are consistent with results of prior studies identified in chapter 2 (Alhemoud, 2008; Arasile et al., 2005; Homburg, Koschate, and Hoger, 2005; Jamal and Naser, 2003; Rust and Dikempe, 2008; Li, Sun, and Wilox, 2005).

6.1.3 Results for the Mediating Effect of Customers' Satisfaction on the Relationships between the Three Factors (general services, corporate social responsibility services, and Sharia'h compliance services) and Financial Performance.

In sub-section 6.1.3, the discussion relates to results for relationships that are postulated in hypotheses eight, nine, and ten. Table 6.1 provides a summary of these relationships depicted in hypotheses eight, nine, and ten.

Sub-section 6.1.3.1 will provide the computations of the indirect effect (IE) using the relevant path coefficients to examine the postulated mediating effect of customer satisfaction on the relationship between each of the three factors (general services, corporate social responsibility
services, and Sharia'h compliance services) and financial performance. Hypothesis H5.1 and H7.1 were developed using the discussion in chapter 2 that form the basis for the relationship supposition contained in hypothesis H10.1 and the direct relationships predicted in hypotheses H1.1, H2.1.

Similarly, sub-section 6.1.3.2 will provide the calculations of IE using for the relevant path coefficients to examine the varying relationships postulated in hypotheses H5.2, H7.2, and H9. These three hypotheses were developed using the discussion in chapter 2. These discussions form the basis for the relationship supposition contained in hypotheses H10.2 as well as the direct relationships predicted in hypotheses H1.2, H2.2, and H3.

These three hypotheses each predicted the mediating effect of customer satisfaction on the relationships between each of the three factors (general services, corporate social responsibility services, and Sharia'h compliance services) and financial performance. Sub-section 6.1.3.3 will provide the computations of the indirect effect (IE) using the relevant path coefficients to examine the postulated mediating effect of customer satisfaction on the relationship between each of the two factors (general services and corporate social responsibility services) and financial performance. Hypothesis H5.3 and H7.3 were developed using the discussion in chapter 2 that form the basis for the relationship supposition contained in hypothesis H10.3 and the direct relationships predicted in hypotheses H1.3 and H2.3.

6.1.3.1 Hypotheses H5.1, and H7.1

Table 5.13 contains the IE (indirect effect) calculations that are used to examine the two hypotheses H5.1 and H7.1. Results in Table 5.13 shows a positive IE for the mediating effect of customer satisfaction on the relationship between the quality of general services provided by Jordanian banks (Islamic banks and Arab banks) and financial performance, the positive path coefficient P41 is significant and therefore the IE does support hypothesis H10.1. However, the IE provides a meaningful indication of the intervening effect of customer satisfaction as hypothesised in hypothesis H10.1 because path coefficient P41 is less than 0.001 (see section 6.2.3). Therefore, it can be argued that the positive IE result for customer satisfaction suggests customer satisfaction has a positive mediating effect on the relationship between the quality of
general services provided by Jordanian banks (Islamic banks and Arab banks) and financial performance.

The results presented in Table 5.13 reveal a significant the mediating effect of customer satisfaction on the relationship between the corporate social responsibility services provided by Jordanian banks (Islamic banks and Arab banks) and financial performance. This result supports hypothesis H10.1. The product of the positive significant path coefficient P54 and the positive significant path coefficient P42 caused this result. Therefore, the result suggests customers satisfaction has a positive mediating effect on the relationship between the Shariah compliance services provided by Jordanian banks (Islamic banks and Arab banks) and financial performance.

The multiplication of the positive significant path coefficient P54 and the positive non-significant path coefficient P43 provides this result. Therefore, the result suggests customer satisfaction has a positive mediating effect on the relationship between the Shariah compliance services provided by Jordanian banks (Islamic banks and Arab banks) and financial performance.

A summary of the findings discussed in this sub-section, firstly, identifies that the mediating effect of customers' satisfaction predicted in two hypotheses (H5.1 and H7.1) are supported by the results. However, the not significant but meaningful path coefficient P43 used for the IE calculation related to hypothesis H10.1 does suggest customer satisfaction has a positive mediating effect on the relationship between the Shariah compliance services provided by Jordanian banks (Islamic banks and Arab banks) and financial performance. Therefore, it is arguable that customer satisfaction has a mediating effect on the relationship between the three factors (general services, corporate social responsibility services, and Shariah compliance services) provided by Jordanian banks (Islamic banks and Arab banks) and financial performance.

6.1.3.2 Hypotheses H5.2 and H7.2, and H9
In Table 5.14, computations are provided for the IEs relevant to examine the three hypotheses H5.2, H7.2 and H9. Results in Table 5.14 show a positive IE for the mediating effect of customers satisfaction on the relationship between the quality of general services provided by Islamic banks
and financial performance, the positive path coefficient $P_{41}$ is significant and therefore the IE does support hypothesis $H_{10.2}$. However, the IE provides a meaningful indication of the intervening effect of customer satisfaction as hypothesised in hypothesis $H_{10.2}$ because path coefficient $P_{41}$ is less than 0.001 (see section 6.2.3). Therefore, it can be argued that the positive IE result for customer satisfaction suggests customers satisfaction has a positive mediating effect on the relationship between the quality of general services provided by Islamic banks and financial performance.

The results presented in Table 5.14 reveal a significant mediating effect of customers satisfaction on the relationship between the corporate social responsibility services provided by Islamic banks and financial performance. This result supports hypothesis $H_{10.2}$. The product of the positive significant path coefficient $P_{34}$ and the positive significant path coefficient $P_{42}$ caused this result. Therefore, the result suggests customer satisfaction has a positive mediating effect on the relationship between the corporate social responsibility services provided by Islamic banks and financial performance.

The multiplication of the positive significant path coefficient $P_{34}$ and the positive and significant path coefficient $P_{43}$ provides this result. Therefore, the result suggests customer satisfaction has a positive and significant mediating effect on the relationship between the Sharia'h compliance services provided by Islamic banks and financial performance.

A summary of the findings discussed in this sub-section, identifies that the mediating effect of customer satisfaction predicted in three hypotheses ($H_{5.2}$, $H_{7.2}$, and $H_{9}$) are supported by the results. Therefore, it is arguable that customer satisfaction has a positive and significant mediating effect on the relationship between the three factors (general services, corporate social responsibility services, and Sharia'h compliance services) provided by Islamic banks and financial performance.

6.1.3.3 Hypotheses $H_{5.3}$ and $H_{7.3}$

In Table 5.15, computations are provided for the IEs relevant to examine the three hypotheses $H_{5.3}$ and $H_{7.3}$. Results in Table 5.15 show a positive IE for the mediating effect of customer
satisfaction on the relationship between the quality of general services provided by Arab banks and financial performance, the positive path coefficient $P_{41}$ is significant and therefore the IE does support hypothesis $H_{10.3}$. However, the IE provides a meaningful indication of the intervening effect of customer satisfaction as hypothesised in hypothesis $H_{10.3}$ because path coefficient $P_{41}$ is less than 0.001 (see section 6.2.3). Therefore, it can be argued that the positive IE result for customers' satisfaction suggests customers' satisfaction has a positive mediating effect on the relationship between the superior general services provided by Arab banks and financial performance.

The results presented in Table 5.15 reveal a significant the mediating effect of customers' satisfaction on the relationship between the corporate social responsibility services provided Arab banks and financial performance. This result supports hypothesis $H_{10.3}$. The product of the positive significant path coefficient $P_{54}$ and the positive significant path coefficient $P_{42}$ caused this result. Therefore, the result suggests customer satisfaction has a positive mediating effect on the relationship between the corporate social responsibility services provided by Arab banks and financial performance.

A summary of the findings discussed in this sub-section, identifies that the mediating effect of customer satisfaction predicted in two hypotheses ($H_{5.3}$ and $H_{7.3}$) are supported by the results. Therefore, it is arguable that customer satisfaction has a mediating effect on the relationship between the two factors (general services and corporate social responsibility services) provided by Arab banks and financial performance.

### 6.1.4 Discussion Summary

Findings contained in the above sections result from the examination of specific services affecting customers satisfaction and specific control elements, which involves an extension to the investigations conducted in prior customer satisfaction research. This extension involves the use of three dimensions for the differentiation services. These three dimensions are considered to provide a more accurate description of the differentiation services by a number of prior research findings, which were identified in chapter 2.
Investigating the separate relationships between each of the three types of services and customer satisfaction has provided specific significant results. Furthermore, examination of the separate direct and indirect relationships between each of the three types of services and financial performance has provided specific significant results. The implications of these results are discussed in the following section.

6.2 Implications of the Results of the Study
The results of the study have implications for both research and theory development as well as practice. The following two sub-sections provide details of these implications.

6.2.1 - Research Implications
Findings indicate that customer satisfaction is mediated among the three variables: general banking service, CSR, Sharia'h compliance with financial performance. Future studies may be guided by the current study's results for the direct relationship between each of these three variables and customer satisfaction as well as their relationship with financial performance.

The current study contributes statistically significant evidence to an area of research where there was a paucity of evidence about some relationships and no evidence on the relationship between Sharia'h compliance and financial performance directly or indirectly through customer satisfaction.

The significant evidence from this study also supports the examination of the different relationships between each of the three factors and customer satisfaction and the same three factors with financial performance. The knowledge gained about these relationships should help future research explore important emergent areas of Internet banking in the 300 plus Sharia'h compliance banks worldwide.

In particular, the varying mediating effects of the specific elements of factors have a number of implications for future studies. Firstly, customer satisfactions as well as all three factors have positive mediating effects on the relationships with financial performance. Secondly, while these results may be consistent with prior findings on relationships found between individual factors, an analysis of the components of the indirect effects (IEs) show that positive path coefficients
from the general service, CSR, Sharia’h compliance involve customer satisfaction, and financial performance.

Thirdly, the positive mediating effect of customer satisfaction on the relationship between general service, CSR, Sharia'h compliance and financial performance is interpreted more accurately. Future research therefore should provide more informative results when data are gathered that relate to customer satisfaction and financial performance. This study can be replicated in other developed and developing Islamic countries to test for consistency of these results in other markets, cultures, and populations’ religious compositions. It lends support to the proposition that Sharia'h principles are financially practical as well as beneficial to society, which may be strengthened by results of future studies in other countries.

Such findings should assist future research with the following investigations. Firstly, the evidence provides a directional direct effect for developing further relationships between each of the three factors which are general service, CSR, Sharia'h compliance and financial performance. Secondly, another directional direct effect for developing further relationships between each of the three factors which are general service, CSR, Sharia'h compliance and customer satisfaction. Thirdly, the results indicate the different indirect effect of factors mediating customer satisfaction on financial performance.

Finally, the evidence also provides some future direction regarding an examination of the interaction effects of superior general bank services, CSR bank services, and Sharia'h compliance bank services on customer satisfaction as well as financial performance of Islamic banks. A similar interaction effect may be tested for superior general bank services and CSR bank services.

In addition to these findings, future research may use the evidence from the current study that combinations of the different factors are available for selection by successful banking organisations as their source of competitive advantage and adding to their customer base.
Furthermore, such future studies should investigate the potential impact of management policies on these factors which was outside the scope of this study. The first aim of future investigations should relate to the relationship between managerial decisions about the three variables and customer satisfaction. An examination of the mediating effect of variables and managerial decisions to improve profitability (financial performance) should be the second aim of future studies.

6.2.2 Implications for Practice

The significant findings of the current study about customer satisfaction and financial performance have implications in terms of banking management policies. From a management practice perspective, organisations need to adopt modern CSR practice to retain existing and potential customers in a world increasingly sensitive to and demands of social justice. This adoption of modern CSR practices should maintain or increase profitability based on the findings of the current study.

The results of this study suggest that employee recruitment, training, and involvement should be utilized to achieve this focus on improved bank and CSR services which increases customer satisfaction and leads to social justice, all of which are justified by better financial performance. For conventional banks it would be advisable to provide Sharia'h compliant service because there was found a significant positive relationship between Sharia'h compliance and financial performance mediated by customer satisfaction. This would provide non-Muslims alternative banking facilities/methods.

For Sharia’h compliant banks where studies show customer dissatisfaction (Heron et al., 1994) in Malaysia it would be wise for management to include CSR in their mission and so improve customer service to retain those customers brought in and involved as customers only by religious principle. The study also implies managers need to be given more discretion in goal setting to include CSR policies, and utilizing positive public relations and improved customer satisfaction to improve financial performance.
6.3 Limitations of the Study

Several conceivable factors may limit the usefulness of the results obtained in this study. This section discusses the limitations of the study.

The first limitation related to internal validity issues: (1) provide flexibility for completion to suit participants' busy workloads; (2) obtain data on a voluntary and anonymous basis from participants (3) obtain permission from participating banks to involve the customers (4) in path analysis techniques, the potential interaction among independent variables was not tested.

To gain external validity and enable the possible generalisability of the results required the sacrifice of some internal validity. For example, the researcher had no control over the completion of the questionnaire, in terms of the time taken by individual respondents to complete the survey or of the actual participant. However, the time taken to complete the survey was not a critical factor in this study and therefore should have minimal impact on the results. A consent process was ensured consistent with the Human Research Ethics Committee guideline. Thus, all completed surveys have been completed voluntarily and such safeguards should mitigate the impact of this limitation.

Secondly, the survey collected data at a point in time (during the 2009 world economic downturn) when ideas might differ significantly over time or in different countries due to prevailing market forces. Thirdly, establishment of a pattern of relationships could be assisted by a number of replication studies in other Islamic countries or on a wider basis, or a longitudinal study, which would test the model in this study. Fourthly, the number of respondents involved in the quantitative survey was (N= 375). However, data from one Islamic bank was representative because all Islamic banks in the world follow the same Sharia'h compliance procedures. The conventional Arab Jordanian bank was one of 23 so the results may not be generalizable for all. However, competition makes these banks quite close in policies. Replications of the study done in one Islamic country (Jordan) repeated elsewhere in Islamic countries might give increased generalizability to the findings of this study.

Thirdly, an additional limitation of the study is that the potential interactions among the independent variables (general services, CSR, and Sharia’h services) were not tested because such analyses were outside the scope of this study. That is, the data were analysed using path analysis technique to examine only the mediating effects of customer satisfaction on the three
separate relationships between each independent variable (general services, CSR, or Sharia’h services) and financial performance. Finally, one of the assumptions underlying the application of path analysis is that a one-way causal flow is present. However, in reality, it is plausible that reciprocal causation may exist between variables.

6.4 - Chapters Summary and Conclusions

The discussion in this chapter has attempted to present the results from a series of multiple regression analyses as part of the path analysis. These results have been used to identify the contribution made by this study and, in some cases, compared the results for the relationships of variables help to explain some results. Implications of the findings from both future research and practice perspective have been provided and limitations described. Based on these discussions, it is concluded that the following contributions are made by this study. The first objective of the research concerned the set of relationships between three variables (general services, corporate social responsibility (CSR) services, and Sharia'h compliance services) and financial performance. The second objective of this study examined the mediating effect of customer satisfaction, on the relationships between each of three factors (general services, corporate social responsibility services, and Sharia'h compliance services) and financial performance. The reported results positively supported all the relationships hypothesized in Chapter 2.

The research also examined three relationships two of which had been partially examined and one (Sharia'h compliance) had not yet been examined. From the results of the first objective investigations, of the three relationships examined, two (CSR and financial performance, general service and financial performance) were found to be of positive significance and one (Sharia'h compliance and financial performance) was positive non-significant. In the result of the second objective, investigations showed three positive indirect relationship effects including one positive non-significant.

These results added to and confirmed the body of knowledge on the relationship between CSR and general service, and financial performance mediated by customer satisfaction; and created new knowledge on the relationship between Sharia'h compliance services and financial
performance mediated by customer satisfaction. These relationships are clearly delineated in the model in Chapter 2, and results tabulated with the model repeated after the results were verified in Chapter 4.

In briefer summary this study has contributed new evidence to the body of knowledge about ten relationships. The first of these relationships in the current study was between general service and customer satisfaction. The second was between CSR and customer satisfaction, the third between Sharia'h compliance and customer satisfaction, the fourth between general service and financial performance, the fifth between CSR and financial performance, the sixth between Sharia'h compliance and financial performance, the seventh between customer satisfaction and financial performance, the eighth between general service and financial performance mediated by customer satisfaction, the ninth between CSR and customer satisfaction mediated by customer satisfaction, and finally between Sharia'h compliance and financial performance mediated by customer satisfaction.

Additionally the findings of the study have replicated studies on relationships among CSR, general service, customer satisfaction and financial performance in both Arab and Asian Muslim banks; but presented new evidence on Sharia'h compliance and financial performance mediated by customer satisfaction and a new direct relationship between Sharia'h compliance and financial performance. This evidence has pushed the boundaries of knowledge about banking improvements in conventional Arab banks and may encourage extension of the scope of Islamic banking services by expanding the use of Internet services. This evidence was needed owing to a paucity of results on examination of different stakeholders’ perceptions about CSR initiatives in the banking industry only two studies were found – Peterson (2004); Pomering and Dolnicar (2006). No studies have been done on Sharia'h compliance associated with customer satisfaction and financial performance through relevant variables.

It may thus be concluded that the study has successfully achieved the three objectives and provided contributions listed in chapter 1: (1) implications for practice of superior general services, CSR services, Sharia'h compliance services in maintaining sustainable business practices and customer stakeholder satisfaction; (2) implications for government institutions who
may be encouraged to improve the quality of their general services and integrate CSR services in their business; (3) implications for society in encouraging more socially responsible financial institutions; (4) implications for creating a Sharia'h compliant service window in the conventional financial institutions.
References


Appendix A: Thesis Survey Document

Information and Consent sheet (Ethics Committee Clearance No : (S/09/192)

The specific objective of this study is to investigate the extent to which customers and employees (stakeholders) of a typical Islamic bank in the Arab country of Jordan perceive and concur that there are sufficient overlaps between the principles that govern socially responsible governance and Sharia’h compliance as separate but inherently congruent normative based institutions to warrant the recognition of a novel yet sustainable and exemplary business pathway.

Please note that participation in this study is completely voluntary. You can withdrawal at any time. Completion and return of the questionnaire reflects your consent to participate voluntarily in the survey.

If you have any complaints about the way this research project is being conducted you can either raise them with the Chief Investigator or, if you prefer an independent person, contact the Chairperson of the Human Research Ethics Committee at the University of the Sunshine Coast: (c/- The Research Ethics Officer, Teaching and Research Services, University of the Sunshine Coast, Maroochydore DC 4558; telephone (07) 5459 4574; facsimile (07) 5430 1177 humanethics@usc.edu.au)

GENERAL INSTRUCTIONS FOR QUESTIONNAIRE COMPLETION

The questionnaire is in six sections. Each section has its own instructions for completion. You are kindly requested to respond to all questions.

The questionnaire has been designed in such a way as not to take any more than thirty minutes of your time. It is important that you answer the questions as accurately as you can. The success of the study depends upon the frankness and care with which you answer the questions. There is no right or wrong answer; it is your opinion that is important.

All the information you provide will be treated with STRICT CONFIDENTIALITY. Once all questionnaires have been collected and analyses conducted, the results of the study will be presented as a whole or in aggregate form (to ensure your anonymity) and written up as PHD thesis. You are welcome to request a copy from the researcher named below.

Any comments, statements or items that contain the term ‘product’ should refer to the different types of loans or bank transactions, for example, letter of credit, money transfers to different banks inside and outside the country, as well as Murabaha and Mudaraba loans. Similarly, ‘service’ includes such intangible actions as time to answer phones, time to complete a transaction, the provision of information as well as based social activates based in Sharia’h principles.
Thank-you for your participation in this important research project.

Researcher Khaled Alafi, Phone No: 0431349103

SECTION A: BANK’S PERFORMANCE
For each statement below, please circle the number that best reflects your opinion about the level of performance of your bank. *If a statement is not relevant to your bank, please select the Zero for Not Applicable*

<table>
<thead>
<tr>
<th>Statement</th>
<th>0</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The availability of ATM and credit cards by my bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. The level of support by my bank’s complaints department</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. The honesty of my bank towards its customers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. My bank’s response to customer complaints</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. The donation by my bank to charitable/community organisations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. The interest my bank takes in the community to improve quality of life</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. The interest my bank’s staff take in me as a customer to make sure I am satisfied</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. The sufficiency of bank employees in each department</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. My bank’s fees and charges given the cost of doing business</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. The reputation of my bank for standing by its products and services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11. My bank’s influence on raising the Jordanian standard of living</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12. The truthfulness of the bank’s products advertisements</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13. My bank’s treatment of its employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14. My bank’s advertising provides a useful source of</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
15. The level of customer satisfaction with the delivery of the banks’ products and services 0 1 2 3 4 5 6 7
16. The quality of my bank’s services and products over the years 0 1 2 3 4 5 6 7
17. The expenditures by my bank on medical treatment 0 1 2 3 4 5 6 7
18. The involvement of my bank in helping to solve social problems. 0 1 2 3 4 5 6 7
19. The profit-sharing, investment products offered by my bank 0 1 2 3 4 5 6 7
20. The extent to which my bank can be trusted to do what they say 0 1 2 3 4 5 6 7
21. My bank’s provision of Murabaha-based products 0 1 2 3 4 5 6 7
22. The expenditures by my bank on weddings 0 1 2 3 4 5 6 7
23. My bank’s willingness to listen to customers’ concerns 0 1 2 3 4 5 6 7
24. The expenditures by my bank on educational scholarships 0 1 2 3 4 5 6 7
25. My bank’s rate of return 0 1 2 3 4 5 6 7
26. The expenditures by my bank for community engagement/sponsorship 0 1 2 3 4 5 6 7
27. My bank’s provision of Ijara-based products 0 1 2 3 4 5 6 7
28. My bank’s provision of Istitina-based products 0 1 2 3 4 5 6 7
29. The level of involvement of my bank in the community 0 1 2 3 4 5 6 7
30. The donation by my bank to charitable/community organisations 0 1 2 3 4 5 6 7
31. My bank’s revenue 0 1 2 3 4 5 6 7
32. The social responsible products offered by my bank 0 1 2 3 4 5 6 7
33. My bank’s provision of Bay’mu’ajjal-based products 0 1 2 3 4 5 6 7
34. My bank’s provision of Bay’ Salam-based products 0 1 2 3 4 5 6 7
35. The expenditures by my bank on medical treatment 0 1 2 3 4 5 6 7
36. The interest-free loans (Quard Hassan) offered by my bank 0 1 2 3 4 5 6 7
37. The risk-sharing products offered by my bank 0 1 2 3 4 5 6 7
38. The sufficiency of bank employees in each department 0 1 2 3 4 5 6 7
<table>
<thead>
<tr>
<th>Number</th>
<th>Statement</th>
</tr>
</thead>
<tbody>
<tr>
<td>39.</td>
<td>My bank’s reputation as a good employer</td>
</tr>
<tr>
<td>40.</td>
<td>My bank’s positive cash flow</td>
</tr>
<tr>
<td>41.</td>
<td>The profit-sharing, investment products offered by my bank</td>
</tr>
<tr>
<td>42.</td>
<td>My bank’s introduction of socially responsible products</td>
</tr>
<tr>
<td>43.</td>
<td>My bank’s staff products’ knowledge to meet my needs</td>
</tr>
<tr>
<td>44.</td>
<td>My bank’s operational surplus</td>
</tr>
<tr>
<td>45.</td>
<td>My bank’s responsiveness to customers’ needs</td>
</tr>
<tr>
<td>46.</td>
<td>The management of my bank</td>
</tr>
<tr>
<td>47.</td>
<td>My bank’s provision of <em>Mudaraba-based</em> products</td>
</tr>
</tbody>
</table>
SECTION B: BACKGROUND INFORMATION

In the following questions please indicate your response by ticking the correct option:

1. Gender      ☐  Male       ☐  Female

2. What is your age in years?  Actual number:  ____________ Years

3. Please tick ONE box for your highest level of formal education completed
   ☐  Less than High School Certificate;
   ☐  High School Certificate;   ☐  Diploma;
   ☐  Bachelor’s degree;
   ☐  Master’s Degree;   ☐  PhD;
   ☐  Still studying;
   ☐  Other, please specify
       ____________________________

4. Please tick the box to identify your religion
   ☐  Moslem;
   ☐  Other

Thank you very much for your time

*Your involvement in the survey is an important contribution to my PhD project*

*Please return the completed survey in the envelop provided for you*
جامعة ساحل شروق الشمس

University of Sunshine Coast

ورقة المعلومات والموافقة

تهدف هذه الدراسة للبحث في تصورات الزبائن والموظفين في أحد البنوك الإسلامية والتقليدية في الأردن، أيضاً وُجدت اتفاقهم أن هناك جوانب مشتركة بين مبادئ حاكمة المسؤولية الاجتماعية وبين الإلتزام بالشريعة الإسلامية على أن قواعد مؤسسات متصلة بهذا منسجمة مبنية على معايير واضحة تستحق الاعتراف بها كإحدى مؤسسات العمل الجديدة بالمملكة للحياة.

يجب الإشارة أن المشاركة في هذه الدراسة ليست إجبارية "طوعية" ويستطيع المشاركون الإسحاق من الدراسة في أي وقت، وأن الإجابة على استمارة الدراسة وإجراها يعني الموافقة الطوعية للمشاركة في هذه الدراسة المسحية.

إذا كانت لديك أي شكوك حول طريقة إجراء هذه الدراسة، يمكن رفع هذه الشكوك إلى الباحث الرئيسي، أو إذا كنت تفضل الاتصال مع شخص من خارج فريق البحث، يمكن الاتصال مع رئيس لجنة أخلاقيات الدراسات الإنسانية في جامعة ساحل شروق الشمس.

تعليمات عامة للإجابة على الاستبيان

تتكون هذه الاستبانة من ستة مجالات، كل مجال يحتوي على تعليقات خاصة به للإجابة، نرجو منك الإجابة على جميع الفقرات.

تم تصميم هذه الاستبانة بحيث لا يستغرق وقت الإجابة على جميع الفقرات أكثر من ثلاثين دقيقة، ومن المهم أن يتم الإجابة على جميع الفقرات بأكبر قدر من الدقة ويعتمد نجاح هذه الدراسة على مدى الصدق والاهتمام من قبل المشاركون أثناء الإجابة على الفقرات. ليس هناك إجابة صحيحة أو إجابة خاطئة للمهم هو الوصول إلى فكرة واضحة حول رأي المشارك في هذه الدراسة.

سوف يتم التعامل مع كل الإجابات بسرية تامة، وحالما يتم جمع جميع الاستبيانات المحاسب عليها وإجراء التحليل الإحصائي وسوف يتم عرض النتائج التي تم الحصول عليها بشكل جماعي أو ضمن نموذج كلي للنتائج "الحفاظ على سرية المشاركون." سوف يتم كتابة نتائج هذه الدراسة على شكل أطروحة دكتوراه، والمشارك قادر على طلب نسخة عن هذه الأطروحة من الباحث المشارك إليه في أسلف هذه الورقة.

اي تعليقات، تصريحات أو اقتراحات او قضايا مشتركة بها بالكلمة "نتيج" تعني أنواع مختلفة من القروض والتفاوضات البنكية "المعاملات البنكية".

على سبيل المثال، رسالة قرض، تحويلات مالية إلى بنوك مختلفة داخل وخارج الدولة، وهي تعني أيضا نظام المراقبة وقواعد المصارف، وعلى نفس المنوال، تعني كلمة "خدمة" جميع الأمور غير المحسومة مثل وقت الإجابة على مقالات هاته، وقت الانتهاء من عملية بنكية، النشاطات الاجتماعية المشار إليها في مبادئ الشريعة.

شكرًا للمشاركة في هذه الدراسة المهمة.

الباحث
خالد اللامي
هاتف: 0406228624
من أجل الإجابة على كل فقرة من هذه الفقرات، نرجو وضع دائرة حول الرقم الذي يعكس الصورة الأفضل عن رأيك حول أداء البنك.

إذا كانت الفقرة غير مرتبطة مع البنك الذي تتعامل معه، نرجو وضع دائرة حول العدد صفر:

1. يوفر البنك خدمات الصراف الآلي والكروت الائتمانية
2. يتمتع البنك بالنزاهة والصدق مع الزبائن.
3. يقدم البنك تبرعات للمؤسسات الخيرية والجمعيات المجتمعية.
4. يساهم البنك بتحسين جودة الحياة في المجتمع.
5. هناك عدد كافٍ من الموظفين في كل قسم أو دائرة.
6. يُؤثر البنك بشكل واضح في رفع مستوى معايير الحياة لدى المواطنين الأردني.
7. يعمل البنك الموظفين بشكل جيد.
8. يُتقن البنك على العلاج الطبيعي.
9. يشارك البنك في حل بعض المشكلات الخاصة.
10. يساعد البنك في إقامة الزواج الجماعي.
11. يتقن البنك على البعثات الدراسية.
12. يُتقن البنك على رعاية بعض المؤسسات المجتمعية.
13. يشارك البنك في النشاطات المجتمعية.
14. يقوم البنك بتقديم المنتجات تتضمن المسؤولية الاجتماعية.
15. يتقن البنك بالسمعة الجيدة.
16. يقدم البنك تنظيمات ذات صلة بمساواة اجتماعية بشكل كبير.
17. يقوم البنك بمساهمة مالية إلى المجتمع المحلي.
18. يملك البنك فروع في مناطق مختلفة.
19. يقدم البنك خدمات المشاركة الربحية والاستثمار.
20. يقدم البنك منتجات مبنية على أساس المراقبة الشرعية.
21. يقدم البنك منتجات مشاركة المخاطر.
22. يقدم البنك القرض الحسن "القرض بدون فائدة".
23. يقدم البنك مسح البيع السلام.
24. يقدم البنك منتجات البيع المؤجل.
25. يقدم البنك منتجات الإستثمار.
26. يقدم البنك منتجات الإجارة.
27. يشجع البنك الزبائن على اقراض مبالغ مالية أكثر من حاجته
28. يجب أن تفرض الدولة إجراءات صارمة من أجل إزام البنوك ببعض السلوكات المصرافية الأخلاقية.
29. يعتبر البنوك المساهمين أهم من الزبائن.
الزبون هو الشخص الوحيد الذي يهتم بمصلحة الزبائن الآخرين.
30. أن توفر القروض من البنك تشجع على الاتفاق.
31. إن سياسة الإعلان المتبعة في البنك تشجع الأشخاص على الحصول على المنتجات.
32. يجب أن تضمن التشريعات الحكومية أن يقدم البنك منتجاته بسعر عادل.
33. يجب أن يصل كل المسلمين خمس مرات في اليوم.
34. إن الصلاة أمر شرقي ويجب عدم الصلاة أثناء وقت العمل.
35. اختيار الموظفين للعمل في دائرة معينة أو قسم معين "استخدام الامتحانات، المقابلة.
36. استخدام مواد البنوك من أجل التأكد من صدق المعلومات المقدمة من الزيارات "الرجوع إلى المعرفين، مراجعة السج.
37. تكون عملية التدريب فاعلة للعاملين في القسم أو الدائرة.
38. يتم الاتفاق على التدريب الشخصي في القسم أو الدائرة.
39. يتم تشجيع تجربة أشياء جديدة في البنك.
40. يتم خلق اكتساب، وتحويل المعرفة الجديدة بشكل واضح وفعال في البنك.
41. هناك تركيز واضح في البنك على التعلم الجماعي.
42. نحقق على التدريب حول الأولويات الاستراتيجية للبنك ونظام وضع تقارير الأداء.
43. الغرض الوحيد من مساعدة البنك في النشاطات المجتمعية المختلفة هو الحصول.
44. يمول البنك المنتجات والنشاطات الشرعية في الإسلام.
45. استخدام موارد البنك من أجل التأكد من صدق المعلومات المقدمة من الزبائن.

B

نرجو وضع علامة (√) في المربع 
1. الجنس: □ ذكر □ أنثى
سنة ....... 2. العمر:
3. المستوى التعليمي:
 أقل من شهادة الثانوية
 البكالوريوس
 طالب
 شهادة الدراسة الثانوية
 الإجبار
 أخرى
4. الديانة
 الإسلام
 أخرى
Appendix B: Ethics Committee Approval Confirmation

4 March 2009

Barbara Palmer
Manager, Office of Research
Tel: +61 7 5459 4574
Fax: +61 7 5459 4727
Email: humanethics@usc.edu.au

TBA

Mr Khaled Alafi
14/36 Hillardt Street
Robertson Qld 4109

Associate Professor John Sands
Faculty of Business

Dear Khaled and John

Expediting ethics approval for research project: The relationship between shariah compliance and sustainable socially responsible financial service practices: A study of Islamic banking in Jordan (S/09/192)

This letter is to confirm that on 3 March 2009, following review of the application for ethics approval of the research project, The relationship between shariah compliance and sustainable socially responsible financial service practices: A study of Islamic banking in Jordan (S/09/192), the Chairperson of the Human Research Ethics Committee of the University of the Sunshine Coast granted expedited ethics approval for the project.

The Human Research Ethics Committee will review the Chairperson’s grant of approval and the conditions of approval at its next meeting and, should there be any variation of the conditions of approval, you will be informed as soon as practicable.

The period of ethics approval is from 3 March 2009 to 5 February 2010.

Could you please note that the ethics approval number for the project is HREC: (S/09/192).

The conditions of approval for this project are that you:

1. conduct the research project strictly in accordance with the research proposal submitted and granted ethics approval, including any amendments required to be made to the proposal by the Human Research Ethics Committee (except as subsequently amended and approved by the Committee or approved by delegated authority exercised by the Chairperson or a Sub-committee)

2. inform the Human Research Ethics Committee immediately of anything which may warrant review of ethics approval of the research project, including: serious or unexpected adverse
effects on participants; proposed changes in the protocol; unforeseen events that might affect continued ethical acceptability of the project; and a written report of any adverse occurrence or unforeseen event that might affect the continued ethical acceptability of the research project must be submitted to the Chairperson of the Human Research Ethics Committee by no later than the next working day after recognition of an adverse occurrence/event

3. provide the Committee with a written Annual Report on the research on completion of the project on 5 February 2010 using the proforma "Annual Report on Approved Research Project Involving Humans"

4. if the research project is discontinued, advise the Committee in writing within 24 hours of the discontinuation

5. make no change to the project as approved in its entirety by the Committee, including any wording in any document approved as part of the project, without prior written approval of the Committee for any change

6. comply with each and all of the above conditions of approval and any additional conditions or any modification of conditions which may be made subsequently by the Human Research Ethics Committee

You are advised that failure to comply with the conditions of approval and the National Statement on Ethical Conduct in Research Involving Humans may result in withdrawal of approval for the project.

You are required to advise the Committee in writing within 24 hours if this project does not proceed for any reason.

Should you require an extension of ethics approval, please submit a written request using the proforma ‘Annual Report on Approved Research Project Involving Humans’ (see Section 9).

An electronic version of ‘Annual Report on Approved Research Project Involving Humans’ may be accessed on the University of the Sunshine Coast portal at: Research and Research Training>Research Ethics> Human Research Ethics>Forms>Annual Report Form.

If you have any queries in relation to this ethics approval or if you require further information please contact the Research Ethics Officer by email at humanethics@usc.edu.au or by telephone on +61 7 5459 4574.

Yours sincerely

Barbara Palmer
Manager, Office of Research
Appendix C: Computation of Path Co-efficients

Decomposition for path equations contained in this appendix follows the paths shown in the text by Pedhazur (1997). Equations 5.1 to 5.6 appear in chapter 5.

Summary of Variables and formulae

A Variables

$X_1$ General services
$X_2$ Social responsibility
$X_3$ Sharia'h compliance

B Variables

$X_4$ Customer satisfaction

C Variables

$X_5$ Financial performance

Equations for both banks (Islamic bank and Arab bank)

Section 1: ‘A’ independent variables on ‘B’ dependent variable

$X_4 = P_{41}X_1 + P_{42}X_2 + P_{43}X_3 + P_{4u}R_u$ ........................................(5.1)

Section 2: ‘A’ and ‘B’ independent variables on dependent variable C

$X_5 = P_{51}X_1 + P_{52}X_2 + P_{53}X_3 + P_{54}X_4 + P_{5u}R_u$ ........................................(5.2) Section 1: ‘A’ independent variables on one (1) ‘B’ dependent variable

$X_4$ Customer satisfaction

$Y_{ij} = P_0 + P_1x_1 + P_2x_2 + P_3x_3 + \epsilon_1$

$X_4 = P_{41}X_1 + P_{42}X_2 + P_{43}X_3 + P_{4u}R_u$ ........................................(5.1)
Where \( Y = X_4 = \text{Customer satisfaction} \)

and

\[ X_1 \quad \text{General services} \]
\[ X_2 \quad \text{Social responsibility} \]
\[ X_3 \quad \text{Sharia'h compliance} \]

The decomposition of the correlations between \( X_4 \), i.e., \textit{Customer Satisfaction} and \textit{General Services} (\( X_1 \)), \textit{Social Responsibility} (\( X_2 \)), and \textit{Sharia'h Compliance} (\( X_3 \)), can be decomposed as follows:

\[ X_4 = P_{41}X_1 + P_{42}X_2 + P_{43}X_3 + P_{4u}R_u \]

\[ \text{(5.1)} \]

\textbf{Multiplying the equation (6.1) by} \( X_1 \) \textbf{the results are as follows:}

\[ X_1X_4 = P_{41}X_1X_1 + P_{42}X_2X_1 + P_{43}X_3X_1 + P_{4u}R_uX_1 \]

\[ \text{(1)} \]

or

\[ r_{14} = P_{41} + P_{42}r_{12} + P_{43}r_{13} + P_{4u}R_uX_1 \]

\[ \text{(2)} \]

or

\[ r_{14} = P_{41} + P_{42}r_{12} + P_{43}r_{13} \]

\[ \text{(3)} \]

The correlation between \( X_1 \) and \( X_2 \), \( X_1 \) and \( X_3 \) consists of (or is decomposed into) direct effect \( P_{41} \) and an unanalyzed effect \( P_{42}r_{12} \) and \( P_{43}r_{13} \).

\textbf{Multiplying the equation (6.1) by} \( X_2 \) \textbf{the results are as follows:}

\[ X_2X_4 = P_{41}X_1X_2 + P_{42}X_2X_2 + P_{43}X_3X_2 + P_{4u}R_uX_2 \]

\[ \text{(4)} \]

or

\[ r_{24} = P_{42} + P_{41}r_{12} + P_{43}r_{23} + P_{4u}R_uX_2 \]

\[ \text{(5)} \]

or

\[ r_{24} = P_{42} + P_{41}r_{12} + P_{43}r_{23} \]

\[ \text{(6)} \]
The correlation between $X_1$ and $X_2$, $X_2$ and $X_3$ consists of (or is decomposed into) direct
effect $P_{42}$ and an unanalyzed effect $P_{41}r_{12}$ and $P_{43}r_{23}$.

**Multiplying the equation (6.1) by $X_3$ the results are as follows:**

\[ X_3^2 = P_{41} X_1 X_3 + P_{42} X_2 X_3 + P_{43} X_3 X_3 + P_{4u} R_{u} X_3 \]..............(7)

or

\[ r_{34} = P_{43} + P_{41}r_{13} + P_{42}r_{23} + P_{4u} R_{u} X_3 \].................................(8)

or

\[ r_{34} = P_{43} + P_{41}r_{13} + P_{42}r_{23} \]..................................................(9)

The correlation between $X_1$ and $X_3$, $X_2$ and $X_3$ consists of (or is decomposed into) direct
effect $P_{43}$ and an unanalyzed effect $P_{41}r_{13}$ and $P_{42}r_{23}$.

**Section 2: A and B as independent variables on one (1) dependent variable C (Financial performance)**

\[ X_5 \quad \text{Financial performance} \]

\[ Y_i = P_0 + P_1 x_1 + P_2 x_2 + P_3 x_3 + P_4 x_4 + \varepsilon_2 \]

\[ X_5 = P_{51} X_1 + P_{52} X_2 + P_{53} X_3 + P_{54} X_4 + P_{5v} R_v \].................................(5.2)

Where $Y_i = X_5 =$ Financial performance

and

$X_1 \quad \text{General services}$

$X_2 \quad \text{Social responsibility}$

$X_3 \quad \text{Sharia'h compliance}$

$X_4 \quad \text{Customer satisfaction}$

The decomposition of the correlations between $X_5$, i.e., Financial Performance and customer
satisfaction ($X_4$) as well as General Services ($X_1$), Social Responsibility ($X_2$), and Sharia’h
Compliance ($X_3$), can be decomposed as follows:
Multiplying the equation (6.2) by $X_1$ the results are as follows:

$$X_1X_5 = P_{s1}X_1X_1 + P_{s2}X_2X_1 + P_{s3}X_3X_1 + P_{s4}X_4X_1 + P_{s5}R_vX_1 ..............(10)$$

or

$$r_{15} = P_{s1} + P_{s1}r_{12} + P_{s3}r_{13} + P_{s4}r_{14} + P_{s5}R_vX_1.................................(11)$$

or

$$r_{15} = P_{s1} + P_{s2}r_{12} + P_{s3}r_{13} + P_{s4}r_{14}.................................(12)$$

The correlation between $X_1$ and $X_2$, $X_1$ and $X_3$, $X_1$ and $X_4$ consists of (or is decomposed into) the direct effect $P_{s1}$, indirect effect $P_{s4}P_{a1}$ and an unanalyzed effect $P_{s2}r_{12}$, $P_{s3}r_{13}$ and $P_{s4}r_{14}$.

Multiplying the equation (6.2) by $X_2$ the results are as follows:

$$X_2X_5 = P_{s1}X_1X_2 + P_{s2}X_2X_2 + P_{s3}X_3X_2 + P_{s4}X_4X_2 + P_{s5}R_vX_2..............(13)$$

or

$$r_{25} = P_{s2} + P_{s1}r_{12} + P_{s3}r_{23} + P_{s4}r_{24} + P_{s5}R_vX_2.................................(14)$$

or

$$r_{25} = P_{s2} + P_{s1}r_{12} + P_{s3}r_{23} + P_{s4}r_{24}.................................(15)$$

The correlation between $X_1$ and $X_2$, $X_2$ and $X_3$, $X_2$ and $X_4$ consists of (or is decomposed into) the direct effect $P_{s2}$, indirect effect $P_{s4}P_{a2}$ and an unanalyzed effect $P_{s1}r_{12}$, $P_{s3}r_{23}$ and $P_{s4}r_{24}$.

Multiplying the equation (6.2) by $X_3$ the results are as follows:

$$X_3X_5 = P_{s1}X_1X_3 + P_{s2}X_2X_3 + P_{s3}X_3X_3 + P_{s4}X_4X_3 + P_{s5}R_vX_3..............(16)$$

or

$$r_{35} = P_{s3} + P_{s1}r_{13} + P_{s2}r_{23} + P_{s4}r_{34} + P_{s5}R_vX_3.................................(17)$$

or

$$r_{35} = P_{s3} + P_{s1}r_{13} + P_{s2}r_{23} + P_{s4}r_{34}.................................(18)$$
The correlation between $X_1$ and $X_3$, $X_2$ and $X_3$, $X_4$ and $X_3$ consists of (or is decomposed into) **direct** effect $P_{33}$, indirect effect $P_{53}P_{43}$ and an **unanalyzed** effect $P_{51}r_{13}, P_{52}r_{23}$ and $P_{54}r_{34}$: $P_{54}P_{41}r_{31}, P_{54}P_{42}r_{23}$.

**Multiplying the equation (6.2) by $X_4$ the results are as follows:**

$$X_4X_5 = P_{51}X_1X_4 + P_{52}X_2X_4 + P_{53}X_3X_4 + P_{54}X_4X_4 + P_{5v}R_vX_4 \ldots \ldots(19)$$

or

$$r_{45} = P_{54} + P_{51}r_{14} + P_{52}r_{24} + P_{54}r_{34} + P_{5v}R_vX_4 \ldots \ldots \ldots \ldots \ldots \ldots (20)$$

or

$$r_{45} = P_{54} + P_{51}r_{14} + P_{52}r_{24} + P_{54}r_{34} \ldots \ldots \ldots \ldots \ldots \ldots (21)$$

Therefore the decomposition of the correlation among the variables ($r_{45}$) consists of (or is decomposed into) **direct** effect $P_{54}$ and the **spurious** effect ($P_{51}r_{14}, P_{52}r_{24}$ and $P_{54}r_{34}$) $P_{51}P_{41}, P_{51}P_{42}r_{12}, P_{51}P_{43}r_{13}, P_{52}P_{42}r_{12}, P_{53}P_{43}r_{23}$. 

206
Equations for Islamic bank

Section 1: ‘A’ independent variables on ‘B’ dependent variable

\[ X_4 = P_{41}X_1 + P_{42}X_2 + P_{43}X_3 + P_{4u}R_u \] ........................................(5.3)

Section 2: ‘A’ and ‘B’ independent variables on dependent variable C

\[ X_5 = P_{51}X_1 + P_{52}X_2 + P_{53}X_3 + P_{54}X_4 + P_{5v}R_v \] ........................................(5.4)

Section 1: ‘A’ independent variables on ‘B’ dependent variable

\[ X_4 = \text{Customer satisfaction} \]

\[ Y_{ij} = p_0 + p_{i1}x_1 + p_{i2}x_2 + p_{i3}x_3 + \varepsilon_1 \]

\[ X_4 = P_{41}X_1 + P_{42}X_2 + P_{43}X_3 + P_{4u}R_u \] ........................................(5.3)

Where \( Y_{ij} = X_4 = \text{Customer satisfaction} \)

and

\( X_1 = \text{General services} \)

\( X_2 = \text{Social responsibility} \)

\( X_3 = \text{Sharia’h complains} \)

Multiplying the equation (6.3) by \( X_1 \) the results are as follows:

\[ X_1X_4 = P_{41}X_1X_1 + P_{42}X_2X_1 + P_{43}X_3X_1 + P_{4u}R_uX_1 \] ..............(22)

or

\[ r_{14} = P_{41} + P_{42}r_{12} + P_{43}r_{13} + P_{4u}R_uX_1 \] ........................................(23)

or

\[ r_{14} = P_{41} + P_{42}r_{12} + P_{43}r_{13} \] ........................................(24)

The correlation between \( X_1 \) and \( X_2, X_3 \) consists of (or is decomposed into) direct effect \( P_{41} \) and an unanalyzed effect \( P_{42}r_{12} \) and \( P_{43}r_{13} \).
Multiplying the equation (6.3) by $X_2$ the results are as follows:

\[ X_2X_4 = P_{41}X_1X_2 + P_{42}X_2X_2 + P_{43}X_3X_2 + P_{44}R_uX_2 \] 
\[ \text{(25)} \]

or

\[ r_{24} = P_{42} + P_{41}r_{12} + P_{43}r_{23} + P_{44}R_uX_2 \] 
\[ \text{(26)} \]

or

\[ r_{24} = P_{42} + P_{41}r_{12} + P_{43}r_{23} \] 
\[ \text{(27)} \]

The correlation between $X_1$ and $X_2$, $X_2$ and $X_3$ consists of (or is decomposed into) direct effect $P_{42}$ and an unanalyzed effect $P_{41}r_{12}$ and $P_{43}r_{23}$.

Multiplying the equation (6.3) by $X_3$ the results are as follows:

\[ X_3X_4 = P_{41}X_1X_3 + P_{42}X_2X_3 + P_{43}X_3X_3 + P_{44}R_uX_3 \] 
\[ \text{(28)} \]

or

\[ r_{34} = P_{43} + P_{41}r_{13} + P_{42}r_{23} + P_{44}R_uX_3 \] 
\[ \text{(29)} \]

or

\[ r_{34} = P_{43} + P_{41}r_{13} + P_{42}r_{23} \] 
\[ \text{(30)} \]

The correlation between $X_1$ and $X_3$, $X_2$ and $X_3$ consists of (or is decomposed into) direct effect $P_{43}$ and an unanalyzed effect $P_{41}r_{13}$ and $P_{42}r_{23}$.

Section 2: ‘A’ and ‘B’ independent variables on one (1) dependent variable C (Financial performance)

\[ X_5 \quad \text{Financial performance} \]

\[ Y_j = p_0 + p_1X_1 + p_2X_2 + p_3X_3 + p_4X_4 + \varepsilon_2 \]

\[ X_5 = P_{51}X_1 + P_{52}X_2 + P_{53}X_3 + P_{54}X_4 + P_{55}R_v \] 
\[ \text{(5.4)} \]
Where $Y_{ij} = X_5$ = Financial performance

and

$X_1$ General services

$X_2$ Social responsibility

$X_3$ Sharia'h compliance

$X_4$ Customer satisfaction

Multiplying the equation (6.4) by $X_1$, the results are as follows:

$$X_1X_5 = P_{s1}X_1X_1 + P_{s2}X_2X_1 + P_{s3}X_3X_1 + P_{s4}X_4X_1 + P_{s5}R_vX_1$$

or

$$r_{15} = P_{s1} + P_{s2}r_{12} + P_{s3}r_{13} + P_{s4}r_{14} + P_{s5}R_vX_1$$

or

$$r_{15} = P_{s1} + P_{s2}r_{12} + P_{s3}r_{13} + P_{s4}r_{14}$$

The correlation between $X_1$ and $X_2$, $X_1$ and $X_3$, $X_1$ and $X_4$ consists of (or is decomposed into) direct effect $P_{s1}$, indirect effect $P_{s4}P_{41}$ and an unanalyzed effect $P_{s2}r_{12}$, $P_{s3}r_{13}$ and $P_{s4}r_{14}$.

Multiplying the equation (6.4) by $X_2$, the results are as follows:

$$X_2X_5 = P_{s1}X_1X_2 + P_{s2}X_2X_2 + P_{s3}X_3X_2 + P_{s4}X_4X_2 + P_{s5}R_vX_2$$

or

$$r_{25} = P_{s2} + P_{s1}r_{12} + P_{s3}r_{23} + P_{s4}r_{24} + P_{s5}R_vX_2$$

or

$$r_{25} = P_{s2} + P_{s1}r_{12} + P_{s3}r_{23} + P_{s4}r_{24}$$

The correlation between $X_1$ and $X_2$, $X_2$ and $X_3$, $X_2$ and $X_4$ consists of (or is decomposed into) direct effect $P_{s2}$ $P_{s1}$, indirect effect $P_{s4}P_{42}$ and an unanalyzed effect $P_{s1}r_{12}$, $P_{s3}r_{23}$ and $P_{s4}r_{24}$, $P_{s5}P_{41}r_{12}$, $P_{s5}P_{43}r_{23}$.

Multiplying the equation (6.4) by $X_3$, the results are as follows:

$$X_3X_5 = P_{s1}X_1X_3 + P_{s2}X_2X_3 + P_{s3}X_3X_3 + P_{s4}X_4X_3 + P_{s5}R_vX_3$$

or

$$r_{35} = P_{s3} + P_{s1}r_{13} + P_{s2}r_{23} + P_{s4}r_{34} + P_{s5}R_vX_3$$

or

$$r_{35} = P_{s3} + P_{s2}r_{13} + P_{s4}r_{23}$$

The correlation between $X_1$ and $X_3$, $X_2$ and $X_3$, $X_3$ and $X_4$ consist of (or is decomposed into) direct effect $P_{s3}$, indirect effect $P_{s4}P_{43}$ and an unanalyzed effect $P_{s1}r_{13}$, $P_{s2}r_{23}$, and $P_{s4}r_{34}$, $P_{s5}P_{41}r_{13}$, $P_{s5}P_{43}r_{23}$.

Multiplying the equation (6.4) by $X_4$, the results are as follows:
\[ X_3 X_5 = P_{51} X_1 X_3 + P_{52} X_2 X_3 + P_{53} X_3 X_3 + P_{54} X_4 X_3 + P_{5v} R_v X_3 \] (37)

or

\[ r_{35} = P_{53} + P_{51} r_{13} + P_{52} r_{23} + P_{54} r_{34} + P_{5v} R_v X_3 \] (38)

or

\[ r_{35} = P_{53} + P_{51} r_{13} + P_{52} r_{23} + P_{54} r_{34} \] (39)

The correlation between \( X_1 \) and \( X_3 \), \( X_2 \) and \( X_3 \), \( X_4 \) and \( X_3 \) consists of (or is decomposed into) **direct** effect \( P_{53} \), indirect effect \( P_{53} P_{43} \) and an **unanalyzed** effect \( P_{51} r_{13}, P_{52} r_{23} \) and \( P_{54} r_{34} \), \( P_{54} P_{41} r_{31}, P_{54} P_{42} r_{23} \).

Multiplying the equation (6.4) by \( X_4 \) the results are as follows:

\[ X_4 X_5 = P_{51} X_1 X_4 + P_{52} X_2 X_4 + P_{53} X_3 X_4 + P_{54} X_4 X_4 + P_{5v} R_v X_4 \] (40)

or

\[ r_{45} = P_{54} + P_{51} r_{14} + P_{52} r_{24} + P_{54} r_{34} + P_{5v} R_v X_4 \] (41)

or

\[ r_{45} = P_{54} + P_{51} r_{14} + P_{52} r_{24} + P_{54} r_{34} \] (42)

Therefore the decomposition of the correlation among the variables (\( r_{45} \)) consists of (or is decomposed into) **direct** effect \( P_{54} \) and the **spurious** effect \( P_{51} r_{14}, P_{52} r_{24}, P_{54} r_{34} \), \( P_{51} P_{41}, P_{51} P_{42} r_{12}, P_{51} P_{43} r_{13}, P_{52} P_{42} r_{12}, P_{53} P_{43} r_{23} \).
Equations for Arab bank

Section 1: ‘A’ independent variables on ‘B’ dependent variable

\[ X_4 = P_{41} X_1 + P_{42} X_2 + P_{4u} R_u \]
\[ \hspace{1cm} \text{(5.5)} \]

Section 2: A and B as independent variables on dependent variable C

\[ X_5 = P_{51} X_1 + P_{52} X_2 + P_{54} X_4 + P_{4v} R_v \]
\[ \hspace{1cm} \text{(5.6)} \]

Section 1: ‘A’ independent variables on ‘B’ dependent variable

\[ X_4 = \text{Customer satisfaction} \]
\[ Y_y = p_0 + p_1 x_1 + p_2 x_2 + \epsilon_1 \]
\[ X_4 = P_{41} X_1 + P_{42} X_2 + P_{4u} R_u \]
\[ \hspace{1cm} \text{(5.5)} \]

Where \( Y_y = X_4 = \text{Customer satisfaction} \)
and
\[ X_1 = \text{General services} \]
\[ X_2 = \text{Social responsibility} \]

Multiplying the equation (6.5) by \( X_1 \) the results are as follows:

\[ X_1 X_4 = P_{41} X_1 X_1 + P_{42} X_2 X_1 + P_{4u} R_u X_1 \]
\[ \hspace{1cm} \text{(43)} \]

or

\[ r_{14} = P_{41} + P_{42} r_{12} + P_{4u} R_u X_1 \]
\[ \hspace{1cm} \text{(44)} \]

or

\[ r_{14} = P_{41} + P_{42} r_{12} \]
\[ \hspace{1cm} \text{(45)} \]

The correlation between \( X_1 \) and \( X_2 \) consists of (or is decomposed into) **direct** effect \( P_{41} \) and an **unanalyzed** effect \( P_{42} r_{12} \).

Multiplying the equation (6.5) by \( X_2 \) the results are as follows:

\[ X_2 X_4 = P_{41} X_1 X_2 + P_{42} X_2 X_2 + P_{4u} R_u X_2 \]
\[ \hspace{1cm} \text{(46)} \]
The correlation between $X_1$ and $X_2$ consists of (or is decomposed into) **direct** effect $P_{42}$ and an **unanalyzed** effect $P_{41}r_{12}$.

Section 2: A and B as independent variables on dependent variable C (Financial performance)

$X_5 = \text{Financial performance}$

$Y_i = p_0 + p_1 x_1 + p_2 x_2 + p_4 x_4 + \varepsilon_2$

$X_5 = P_{51}X_1 + P_{52}X_2 + P_{54}X_4 + P_{5v}R_v$..............................(5.6)

Where $Y_i = X_5 = \text{Financial performance}$

and

$X_1 = \text{General services}$

$X_2 = \text{Social responsibility}$

$X_4 = \text{Customer satisfaction}$

Multiplying the equation (6.6) by $X_1$, the results are as follows:

$X_1X_5 = P_{51}X_1X_1 + P_{52}X_2X_1 + P_{54}X_4X_1 + P_{5v}R_vX_1$..............(49)

or

$r_{15} = P_{51} + P_{51}r_{12} + P_{54}r_{14} + P_{5v}R_vX_1$..............................(50)

or

$r_{15} = P_{51} + P_{52}r_{12} + P_{54}r_{14}$..............................(51)
The correlation between $X_1$ and $X_2$, $X_1$ and $X_4$ consists of (or is decomposed into) direct effect $P_{s1}$, indirect effect $P_{s4}P_{41}$ and an unanalyzed effect $P_{s2}r_{12}$, $P_{s3}r_{13}$, and $P_{s4}r_{14}$, $P_{s4}P_{12}r_{12}$.

### Multiplying the equation (6.6) by $X_2$ the results are as follows:

$X_2X_5 = P_{s1}X_1X_2 + P_{s2}X_2X_2 + P_{s4}X_4X_2 + P_{s5}R_vX_2 \ldots \ldots \ldots \ldots (52)$

or

$r_{25} = P_{s2} + P_{s1}r_{12} + P_{s4}r_{24} + P_{s5}R_vX_2 \ldots \ldots \ldots \ldots (53)$

or

$r_{25} = P_{s2} + P_{s1}r_{12} + P_{s4}r_{24} \ldots \ldots \ldots \ldots (54)$

The correlation between $X_1$ and $X_2$, $X_2$ and $X_4$ consists of (or is decomposed into) direct effect $P_{s2}$, indirect effect $P_{s4}P_{42}$ and an unanalyzed effect $P_{s1}r_{12}$, $P_{s3}r_{23}$, and $P_{s4}r_{24}$, $P_{s4}P_{41}r_{23}$, $P_{s4}P_{43}r_{23}$

### Multiplying the equation (6.6) by $X_4$ the results are as follows:

$X_4X_5 = P_{s1}X_1X_4 + P_{s2}X_2X_4 + P_{s4}X_4X_4 + P_{s5}R_vX_4 \ldots \ldots \ldots (55)$

or

$r_{45} = P_{s4} + P_{s1}r_{14} + P_{s2}r_{24} + P_{s5}R_vX_4 \ldots \ldots \ldots \ldots (56)$

or

$r_{45} = P_{s4} + P_{s1}r_{14} + P_{s2}r_{24} \ldots \ldots \ldots \ldots (57)$

Therefore the decomposition of the correlation among the variables ($r_{45}$) consists of (or is decomposed into) direct effect $P_{s4}$ and the spurious effect ($P_{s1}r_{14}$ and $P_{s2}r_{24}$). $P_{s1}P_{41}$, $P_{s1}P_{42}r_{12}$, $P_{s1}P_{43}r_{13}$, $P_{s2}P_{42}r_{12}$