

**UNIVERSITY OF MACAU**  
**FACULTY OF BUSINESS ADMINISTRATION**

**SERVICE QUALITY**  
**AND ITS IMPLICATIONS TO MANAGEMENT:**  
**A CASE OF LUSO INTERNATIONAL BANKING LTD.**

**Thesis presented to  
the Faculty of Business  
Administration,  
University of Macau  
for the granting of the  
MBA degree in  
Marketing and  
Strategic Management.**

**Lam, Kit Peng Tiffany**

**1999**

# TABLE OF CONTENT

TABLE OF CONTENT .....	1
<b>CHAPTER 1 GENERAL INTRODUCTION .....</b>	<b>1</b>
RESEARCH OBJECTIVE.....	2
SCOPE OF STUDY .....	4
LIMITATIONS .....	4
ORGANIZATION OF THE THESIS .....	5
<b>CHAPTER 2 LITERATURE REVIEW.....</b>	<b>7</b>
WHAT IS A SERVICE?.....	7
<i>Goods or services?</i> .....	8
<i>Characteristics of services</i> .....	8
RELATING THE CONCEPT OF QUALITY TO SERVICES .....	10
<i>Quality gurus and their definitions of quality</i> .....	10
<i>A snapshot of the concurrent definitions of quality</i> .....	14
THE ROLE OF THE DISCONFIRMATION PARADIGM IN CUSTOMER SATISFACTION AND SERVICE QUALITY LITERATURES.....	18
<i>Expectations as comparison bases</i> .....	19
<i>Expectations formation</i> .....	23
SERVICE QUALITY IN THE CONTEXT OF SERVQUAL.....	24
<i>Operationalization of difference-score measures of service quality</i> .....	24
<i>Concept of service quality</i> .....	26
<i>Customer satisfaction (CS) and service quality (SQ)</i> .....	29
<i>Dimensionality of service quality</i> .....	31
DISTINCTIVE ASPECTS OF QUALITY BANKING SERVICES.....	38
<i>Reliability</i> .....	39
<i>The taste of human touch: process dimensions</i> .....	39
<i>Tangibles</i> .....	40
LINKING SERVICE QUALITY TO CUSTOMER BEHAVIOR.....	41
<b>CHAPTER 3 CONCEPTUAL FRAMEWORK AND METHODOLOGY .....</b>	<b>42</b>
POTENTIAL SHORTFALLS OF SERVQUAL AND THE GAPS MODEL.....	42
THE INSTRUMENT.....	43

DATA COLLECTION METHOD .....	46
<i>Customer groups</i> .....	46
<i>Manager and customer-contact personnel groups</i> .....	47
QUESTIONNAIRES AND DATA INTERPRETATION .....	47
<i>Service quality in the eye of customers</i> .....	47
<i>Internal operating environments: potential causes of service-quality discrepancies</i> .....	49
<b>CHAPTER 4 BACKGROUND INFORMATION OF LIB .....</b>	<b>54</b>
COMPANY BACKGROUND OF LIB .....	54
LIB RELATIVE TO THE BANKING INDUSTRY IN MACAU .....	55
LIB'S COMPETITION .....	57
LIB IN THE MCSI (MACAU CUSTOMER SATISFACTION INDEX) SURVEY .....	58
<b>CHAPTER 5 RESEARCH FINDINGS: SERVICE QUALITY IN THE EYE OF CUSTOMERS .....</b>	<b>60</b>
DATA COLLECTION .....	60
PROFILES OF THE CUSTOMER SAMPLE .....	61
DIMENSIONS IDENTIFIED IN THE SURVEY .....	64
INTERPRETATION OF THE 6-DIMENSION SOLUTION .....	67
<i>Reliability and tangibles</i> .....	67
<i>Assurance</i> .....	69
<i>Empathy</i> .....	70
<i>Responsiveness</i> .....	70
BETWEEN-GROUP COMPARISONS .....	71
<i>Individual customers Vs business customers</i> .....	71
<i>Age groups</i> .....	73
<i>Income groups</i> .....	75
SERVQUAL ASSESSMENT OF LIB'S SERVICE QUALITY .....	76
RELATIVE IMPORTANCE OF THE FIVE GENERIC SERVICE DIMENSIONS .....	78
<b>CHAPTER 6 RESEARCH FINDINGS: INTERNAL OPERATING ENVIRONMENTS .</b>	<b>80</b>
DATA COLLECTION .....	80
STRATEGIES/STANDARDS MAKING PROCESSES .....	81
<i>Descriptive statistics</i> .....	81
<i>Gap 1: Not knowing what customers want</i> .....	82
<i>Potential weaknesses</i> .....	84
<i>Gap 2: Defective translation of perceived expectations into service-quality standards</i> .....	86

SPECIFICATIONS/POLICIES IMPLEMENTATIONS .....	88
<i>Descriptive statistics</i> .....	88
<i>Gap 3: The service performance gap</i> .....	90
<i>Gap 4: When promises do not match delivery</i> .....	93
<b>CHAPTER 7 CONCLUSIONS AND MANAGEMENT IMPLICATIONS .....</b>	<b>96</b>
PERCEIVED SERVICE QUALITY .....	97
<i>Gap magnitudes of the six dimensions</i> .....	97
<i>Ranking of importance among the six dimensions of service quality</i> .....	97
<i>Implications of between-group comparison</i> .....	98
INTERNAL MANAGEMENT GAPS.....	99
<i>Gap 1</i> .....	99
<i>Gap 2</i> .....	100
<i>Gap 3</i> .....	100
<i>Gap 4</i> .....	100
IMPLICATIONS TO MANAGEMENT .....	100
<b>REFERENCES .....</b>	<b>102</b>
<b>APPENDICES.....</b>	<b>111</b>