



**ANTECEDENTS OF CUSTOMER SATISFACTION IN
THE ISLAMIC BANK OF THAILAND: A
RELATIONSHIP MARKETING PERSPECTIVE**

BY

TAREK SIDI

**A dissertation submitted in fulfilment of the requirement for
the degree of Master of Science in Marketing**

**Kulliyyah of Economics and Management Sciences
International Islamic University Malaysia**

AUGUST 2017

ABSTRACT

In Thailand, Islamic financial products and services are offered by the Islamic Bank of Thailand (IBT), some conventional banks and a number of Islamic financial cooperatives. Thus, this means that IBT is faced with a highly competitive marketplace. In a competitive milieu, it is crucial for the firm to focus on establishing and enhancing a stronger relationship and engagement with customers for long-term purposes. Therefore, the current study encourages IBT to perform relationship marketing (RM). Thus, this study aims to identify the antecedents of customer satisfaction in the context of IBT. The proposed dimensions of RM were extracted from RM literatures which comprised of trust, commitment, communication, bonding and empathy. The data was collected from 314 IBT customers in Songkhla and Pattani, Thailand, using structured questionnaire technique. Whereas 302 applicable questionnaires were used to perform multiple regression analysis to test the hypotheses. The findings show that trust, communication, bonding and empathy has significant positive effects on customer satisfaction among the customers of IBT. Empathy appears as the most important dimension in satisfying the customers followed by bonding, trust and communication. Interestingly, only commitment was found to have no significant association with customer satisfaction. The findings of this study provide theoretical and conceptual implications on RM and Islamic banking. Moreover, the findings provide a significant implication for managers, marketers of IBT and practitioners in the relevant fields. Hence, the findings of this study provide insight on implementation of RM in Islamic banks particularly in Thailand and other countries in order to satisfy customers.

خلاصة البحث

في تايلند تقدم المنتجات والخدمات المالية الإسلامية بوساطة البنك الإسلامي بتايلند (IBT) وبعض البنوك العادية و أعداد من التعاونيات المالية الإسلامية. لذلك نري أن IBT تواجه سوقاً تنافسية. وفي بيئة تنافسية عالية يلزم الشركة أن تركز على إقامة وتعزيز أقوى علاقة مع العملاء لأغراض طويلة هذه الدراسة تشجع IBT لأداء التسويق بالعلاقات وذلك هدفت هذه الدراسة على التعرف عن رضا العملاء في سياق IBT. إن الأبعاد المقترحة استخرجت من مقالات التسويق بالعلاقات في هذه الدراسة هي الثقة والالتزام والاتصال والترابط والتعاطف. وقد جمعت البيانات من 314 مستجياً من عملاء البنك الإسلامي بتايلند في سونغخلا وفطاني، تايلند باستخدام تقنية استبانة منظمة. وكانت 302 فقط استبانات لتحليل الانحدار المتعدد في اختبار الفرضيات. وتظهر النتائج أن الثقة، والاتصال، والترابط والتعاطف له آثار إيجابية مهمة على رضا العملاء بين عملاء IBT. بالإضافة إلى ذلك ظهر التعاطف وأن يكون أهم بعد في إرضاء العملاء ويلبها الترابط والثقة والاتصال. ومن المثير للاهتمام، ظهر الالتزام فقط ولا تتأثر برضا العملاء. النتائج التي توصلت هذه الدراسة هي توفر الآثار النظرية والمفاهيمية عن التسويق بالعلاقة وفي مجال المصرفية الإسلامية. ومن ناحية أخرى، النتائج توفر مستفيدين مديرين في البنك الإسلامي بتايلند بشكل خاص والممارسين في مجالات الملاءمة بشكل عام. فإن نتائج هذه الدراسة تقدم رؤى لتنفيذ التسويق بالعلاقة في البنوك الإسلامية خاصة في تايلاند والبلاد الأخرى من أجل إرضاء العملاء.

APPROVAL PAGE

I certify that I have supervised and read this study and that in my opinion, it conforms to acceptable standards of scholarly presentation and is fully adequate, in scope and quality, as a thesis for the degree of Master of Science in Marketing.

.....
Kalthom Abdullah
Supervisor

.....
Muhammad Tahir Jan
Co-Supervisor

I certify that I have read this study and that in my opinion, it conforms to acceptable standards of scholarly presentation and is fully adequate, in scope and quality, as a thesis for the degree of Master of Science in Marketing.

.....
A.K.M. Ahasanul Haque
Examiner

.....
Rozailin Abdul Rahman
Examiner

This dissertation was submitted to the Department of Business Administration and is accepted as a fulfilment of the requirement for the degree of Master of Science in Marketing.

.....
Noor Hazilah Abd. Manaf
Head, Department of Business
Administration

This dissertation was submitted to the Kulliyyah of Economics and Management Sciences and is accepted as a fulfilment of the requirement for the degree of Master of Science in Marketing.

.....
Maliah Sulaiman
Dean, Kulliyyah of Economics
and Management Sciences

DECLARATION

I hereby declare that this dissertation is the result of my own investigations, except where otherwise stated. I also declare that it has not been previously or concurrently submitted as a whole for any other degrees at IIUM or other institutions.

Tarek Sidi

Signature

Date

INTERNATIONAL ISLAMIC UNIVERSITY MALAYSIA

**DECLARATION OF COPYRIGHT AND AFFIRMATION OF
FAIR USE OF UNPUBLISHED RESEARCH**

**ANTECEDENTS OF CUSTOMER SATISFACTION IN THE
ISLAMIC BANK OF THAILAND: A RELATIONSHIP
MARKETING PERSPECTIVE**

I declare that the copyright holders of this dissertation are jointly owned by Tarek Sidi and IIUM.

Copyright © 2017 Tarek Sidi and International Islamic University Malaysia. All rights reserved.

No part of this unpublished research may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording or otherwise without prior written permission of the copyright holder except as provided below

1. Any material contained in or derived from this unpublished research may be used by others in their writing with due acknowledgement.
2. IIUM or its library will have the right to make and transmit copies (print or electronic) for institutional and academic purposes.
3. The IIUM library will have the right to make, store in a retrieved system and supply copies of this unpublished research if requested by other universities and research libraries.

By signing this form, I acknowledged that I have read and understand the IIUM Intellectual Property Right and Commercialization policy.

Affirmed by Tarek Sidi

.....
Signature

.....
Date

ACKNOWLEDGEMENTS

In the name of Allah, the Most Gracious and the Most Merciful. Alhamdulillah, all praises to Allah that granted me the strengths and His countless blessings in completing this dissertation.

First of all, I would like to express my deep appreciation and gratitude to my main supervisor, Dr. Kalthom for her patience, motivation, caring, enthusiasm, immense knowledge and countless supports since day one till the completion of my dissertation. My sincere appreciation also goes to Dr. Tahir Jan, my co-supervisor for his guidance and wisdom throughout my difficulties in completing this study. I am indebted to both of my supervisors for their valuable guidance and support in completing this study.

Besides my supervisors, appreciation goes to Prof. Ahasanul Haque and Dr. Rozailin for their insightful remarks, and constructive comments as examiners of my study. In addition, I like to also express appreciation to all lecturers: Prof. Khaliq, Dr. Wan Jamaliah, Dr. Suharni and Dr. Adewale, who have shared their knowledge used as a part in completing this study. Appreciation also goes to Dr. Nurita for her kind assistance in facilitating me throughout the process of completing this dissertation.

Thank you to all my Master of Marketing colleagues for their stimulating discussions, exchanging of knowledge and for all the caring and fun we have had in the last few years. Moreover, special thanks to my uncle Ismail Yanai who worked hard with me to acquire a data for this study.

Last but not least, the acknowledgement would not be complete without mentioning my family. My deepest gratitude goes to my beloved parents: Mohammad Sari Sidi and Savitree Sidi, as well as my siblings: Hanan, Khalid and Yasmeen, who inspire me of their unwavering belief in my ability to accomplish this goal.

May Allah rewards all who took part in this study either directly or indirectly. May Allah bless all of you.

Jazakumullahu Khairan

(May Allah recompense you with the best reward)

TABLE OF CONTENTS

Abstract	ii
Abstract in Arabic	iii
Approval Page.....	iv
Declaration	v
Copyright	vi
Acknowledgements	vii
Table of contents	viii
List of Tables	xi
List of Figures	xii
List of Abbreviations	xiii
CHAPTER ONE: INTRODUCTION	1
1.1 Introduction.....	1
1.2 Background of the Study	3
1.3 Problem Statement.....	5
1.4 Research Objectives.....	8
1.4.1 General Research Objective	8
1.4.2 Specific Research Objectives.....	8
1.5 Research Questions.....	9
1.6 Significance of the Study.....	9
1.7 Definition of Key Terms.....	11
1.7.1 Relationship Marketing.....	11
1.7.2 Islamic Banking	11
1.7.3 Islamic Banks	11
1.7.4 Trust	11
1.7.5 Commitment.....	12
1.7.6 Communication.....	12
1.7.7 Bonding.....	12
1.7.8 Empathy	12
1.7.9 Customer Satisfaction	13
1.8 Outline of the Study.....	13
CHAPTER TWO: LITERATURE REVIEW	15
2.1 Introduction.....	15
2.2 Overview of Islamic Bank of Thailand	15
2.3 Studies on Islamic Bank of Thailand Context.....	17
2.4 Islamic Cooperative Institutions in Thailand.....	18
2.5 Underpinning Theories	21
2.5.1 Relationship Marketing.....	21
2.5.2 Disconfirmation Theory (Customer Satisfaction).....	23
2.6 Relationship Marketing	25
2.6.1 Definition of Relationship Marketing	25
2.6.2 Philosophy of Relationship Marketing	27
2.6.3 Relationship Marketing Concept	29
2.6.4 Shift in Marketing Paradigm.....	31

2.6.5 Empirical Studies on Relationship Marketing	33
2.6.6 Consequences of Relationship Marketing.....	35
2.6.7 Relationship Marketing in Banking Sectors	36
2.6.8 Relationship Marketing Literature in Thailand.....	38
2.7 Relationship Marketing and Customer Satisfaction	39
2.7.1 Selection of the Key Constructs of the Study	42
2.8 Justification on the Selected Constructs	43
2.8.1 Trust	45
2.8.1.1 The Relationship between Trust and Customer Satisfaction	47
2.8.2 Commitment.....	48
2.8.2.1 The Relationship between Commitment and Customer Satisfaction	50
2.8.3 Communication.....	52
2.8.3.1 The Relationship between Communication and Customer Satisfaction	54
2.8.4 Bonding.....	55
2.8.4.1 The Relationship between Bonding and Customer Satisfaction	58
2.8.5 Empathy	59
2.8.5.1 The Relationship between Empathy and Customer Satisfaction	60
2.9 Research/Literature Gaps	61
2.10 Conceptual Framework.....	63
11.2 Chapter Summary	66

CHAPTER THREE: RESEARCH METHODOLOGY67

3.1 Introduction.....	67
3.2 Research Methodology	67
3.2.1 Quantitative Research	68
3.3 Research Design	68
3.3.1 Sources of Data	69
3.3.2 Determination of Sample Size	70
3.4 Population and Sampling Design	71
3.4.1 Population	71
3.4.2 Sampling Method.....	71
3.4.3 Convenient Sampling.....	72
3.5 Data Collection Methods	73
3.5.1 Data Collection Tools	73
3.5.2 Modes of Data Collection	74
3.6 Research Instrument	74
3.6.1 Questionnaire Design.....	75
3.6.2 Measurement Scale	76
3.6.3 Content Validity.....	77
3.6.4 Translation Process	78
3.6.5 Pre-Testing	79
3.7 Data Collection Procedure.....	81
3.8 Data Analysis.....	82
3.8.1 Descriptive Analysis	83

3.8.2 Reliability Analysis.....	83
3.9 Data Preparation	84
3.9.1 Missing Data	85
3.9.2 Normality	85
3.9.3 Outliers.....	86
3.10 Validity Analysis	86
3.10.1 Construct Validity	87
3.10.2 Convergent Validity	87
3.10.3 Discriminant Validity.....	88
3.11 Factor Analysis	88
3.11.1 Exploratory Factor Analysis (EFA)	89
3.12 Multiple Regression.....	90
3.13 Chapter Summary	91
CHAPTER FOUR: DATA ANALYSIS AND FINDINGS.....	92
4.1 Introduction.....	92
4.2 Descriptive Analysis	92
4.2.1 Response Rate	93
4.2.2 Demographic Profile	94
4.2.3 Descriptive Statistics.....	97
4.3 Data Preparation and Data Cleaning.....	105
4.3.1 Missing Data	106
4.3.2 Normality	106
4.4 Reliability	107
4.5 Exploratory Factor Analysis (EFA).....	108
4.5.1 Kaiser-Meyer-Olkin (KMO).....	108
4.5.2 Factor Loading	109
4.6 Validity	112
4.6.1 Construct Validity	112
4.6.2 Convergent Validity	112
4.6.3 Discriminant Validity.....	113
4.7 Reliability	113
4.8 Multiple Regression.....	114
4.8.1 Hypothesis Testing.....	116
4.9 Chapter Summary	122
CHAPTER FIVE: CONCLUSION AND DISCUSSION.....	124
5.1 Introduction.....	124
5.2 Discussion and Recommendations	124
5.3 Implications	133
5.3.1 Theoretical Implication	134
5.3.2 Practical Implication	135
5.4 Limitations and Directions for Future Research.....	137
5.5 Conclusion	138
REFERENCES.....	140
APPENDIX I: CONSTRUCTION OF QUESTIONNAIRE.....	152
APPENDIX II: DATA ANALYSIS	168

LIST OF TABLES

Table 2.1	List of Major Islamic Cooperative Institutions (ICIs) in Thailand	19
Table 2.2	Summary of studies related to Islamic Bank of Thailand (IBT)	20
Table 2.3	Some of the Relationship Marketing definitions in the literatures	26
Table 3.1	Number of items employed for each variable together with references	77
Table 3.2	Content Validity on the Items	78
Table 3.3	EFA Assumptions	90
Table 4.1	Response Rate	94
Table 4.2	Respondents' Profile	96
Table 4.3.(a)	Descriptive Statistics: Trust	98
Table 4.3 (b)	Descriptive Statistics: Commitment	99
Table 4.3 (c)	Descriptive Statistics: Communication	100
Table 4.3 (d)	Descriptive Statistics: Bonding	102
Table 4.3 (e)	Descriptive Statistics: Empathy	103
Table 4.3 (f)	Descriptive Statistics: Customer Satisfaction	104
Table 4.4	Reliability Test (Before performing EFA)	108
Table 4.5	KMO and Bartlett's Test	109
Table 4.6	Factor loading and communalities	111
Table 4.7	Reliability Test (After performing EFA)	114
Table 4.8	Model Summary (Explained Variance)	115
Table 4.9	Significance of the model (ANOVA)	116
Table 4.10	Hypothesis Testing Results	117
Table 4.11	Summary of the hypotheses	122

LIST OF FIGURES

Figure 2.1	The relational Exchanges in Relationship Marketing (Adapted from Morgan & Hunt, 1994, p. 21)	22
Figure 2.2	Expectation-Disconfirmation Model	25
Figure 2.3	The Evolution towards a Relationship Orientation (Adapted from Callaghan & Shaw, 2001)	32
Figure 2.4	Model proposed by Hau & Ngo (2012)	64
Figure 2.5	Conceptual Model and Hypotheses of the current study; adopted from Hau and Ngo (2012)	65

LIST OF ABBREVIATIONS

4Ps	Marketing Mix: Product, Price, Place, Promotion
AMA	American Marketing Association's
B2B	Business-to-Business
B2C	Business-to-Customer
BAAC	Bank of Agriculture and Agricultural Cooperative
CS	Customer Satisfaction
CL	Customer Loyalty
e.g.	For example
EDT	Expectation- Disconfirmation Theory
EFA	Exploratory Factor Analysis
et al.	et alia, means 'and others'
GHB	Government Housing Bank
GSB	Government Savings Bank
i.e.	That is
IBT	Islamic Bank of Thailand
ICI	Islamic Cooperative Institution
IFI	Islamic Financial Institution
IMC	Integrated Marketing Communication
KTB	Krung Thai Bank
PISC	Pattani Islamic Saving Cooperative
RM	Relationship Marketing
RMO	Relationship Marketing Orientation
SEM	Structural Equation Modeling
SERQUAL	Service Quality
SFI	Specialized Financial Institutions
SME	Small and Medium Enterprise
SOE	State-owned enterprise
SPSS	Statistical Package for Social Science
SQ	Service Quality
ROI	Return on Investment
UAE	United Arab Emirates
UK	United Kingdom
US	United States
USD	United States Dollar
viz.	Namely
WOM	Word-of-mouth

CHAPTER ONE

INTRODUCTION

1.1 INTRODUCTION

Over the past few decades, the Islamic banking sector has emerged as one of the most conspicuous and impressively growing industry worldwide (Gheeraert, 2014; Imam & Kpodar, 2015). The contemporary development of Islamic banking and financial system expands from two major regions i.e. South-East Asia and the Middle-East since the 1970s (Gheeraert, 2014). Many Muslim majority countries such as Indonesia, Malaysia, Egypt, Saudi Arabia and Iran have started to set up Islamic banks for their Muslim communities. This phenomenon has attracted wide attention, multinational banks in particular to offer Islamic windows (Imam & Kpodar, 2015). For instance, in Malaysia, many conventional banks such as HSBC Amanah Malaysia Berhad, Hong Leong Islamic Bank Berhad, CIMB Islamic Bank Berhad, began to offer Islamic windows as an alternative for customers.

Hence, this indicates that the proliferation of Islamic banks around the world brought the Islamic banking sector to a highly competitive marketplace. Conventional banks could offer Islamic banking services as it is not restricted solely for Muslim communities (Muhamad, Melewar, & Alwi, 2012) but rather opens the door to people of various faiths. Therefore, this raises demand from Muslims as well as non-Muslim customers for Islamic financial and banking services in many countries. From this, it can be seen that there is a rapid expansion and growth of Islamic banking sectors worldwide. Hence, customer satisfaction (CS) needs to be maintained and enhanced in order to retain customers for long-term purposes.

Accordingly, in the Thailand context, besides the establishment of the Islamic Bank of Thailand (hereafter, IBT), there were a number of Islamic financial cooperative institutions (hereafter, ICIs) already in existence to serve the Muslim community in Thailand (Haron & Yamirudeng, 2003; Lateh, Ismail, & Ariffin, 2009) since 1987. At the same time, some conventional banks such as Bank for Agriculture and Agricultural Cooperatives (BAAC) and Government Saving Bank (GSB) also offer Islamic banking products to Muslim customers. Hence, this indicates that IBT is faced with several rivals that offers Islamic finance and banking products. Therefore, IBT can no longer focus merely on acquiring new customers but also need focus on establishing and enhancing a stronger relationship with customers for long-term purposes.

Thus, since a few decades back, relationship marketing (hereafter, RM) was suggested as the new marketing approach to retain customers for long-term purposes (Aijo, 1996; Berry, 1983; Grönroos, 1994; Gummesson, 1994). The relationship marketing (hereafter, RM) concept received high attention from practitioners as well as scholars and researchers (e.g. Grönroos, 1994b; Morgan & Hunt, 1994; Ndubisi, 2004; Yau et al., 2000). RM emphasized and centered on building, enhancing and maintaining a long-term relationship with customers and other key partners (Berry, 1983; Grönroos, 1994). RM goes beyond the ordinary exchange of economic values that extend to seek customer retention and long-term relationship as both tactical and strategic for firm sustainability (Hui, 2006). Likewise, Berry (1983) suggested RM as a strategy to overcome the complexity of intangible elements in the service industry. In a banking sector, products and services are feasible and easily duplicable (Law, Lau, & Wong, 2003; Widana, Wiryono, Purwanegara, & Toha, 2015). Therefore, developing a strong and durable relationship with customers is critical to keep

customers for longer term. As the reason being customer satisfaction (hereafter, CS) is considered as one of the objectives of RM (Ndubisi, 2005; Payne et al., 1995). Hence, it is crucial to investigate the dimensions of RM that tend to affects CS. After all, RM studies in the Thailand context remains lacking, particularly in the Islamic banking sector.

1.2 BACKGROUND OF THE STUDY

The banking sector worldwide is facing with a highly competitive condition due to numerous factors such as technology innovation, globalization, investment liberalization and information revolution that provoke companies to enhance their service quality, develop closer relationships with customers and raise firm efficiency (Aijo, 1996). The Islamic banking sector likewise tends to face with harder challenges day-by-day, hence, there is a need for Islamic banks to build and develop long-term strategy for sustainable growth. In recent years, the Islamic banking and finance system has received conspicuous attention globally. Accordingly, Thailand is considered as one of the countries in which the Islamic banking system is in its growing stage. Whereby, non-Muslim have started to consider the Islamic banking system as another alternative for savings and other financial services. However, until recently, IBT is considered as the first and solely full-fledged Islamic bank institution operating in Thailand, since its establishment in 2003. Somehow, prior to the establishment of IBT, there were several conventional banks that have been offering Islamic financial services through Islamic-windows such as GSB, BAAC and Krung Thai Bank (KTB) (Haron & Yamirudeng, 2003). Accordingly, apart from conventional banks, numbers of ICIs were in existence since 1987 to serve Muslim

communities particularly in the southern part of Thailand by offering Islamic financial products and services.

According to Gheeraert (2014), there are up to eight Islamic financial institutions (IFIs) in Thailand, whereby IBT is perceived as the top Islamic financial institution in Thailand. However, this study contends that currently there are more than eight IFIs in Thailand (refer to Table 2.1). Therefore, this indicates that IFIs in Thailand are becoming more intense and are faced with a highly competitive market condition. Hence, due to the existing of various IFIs in Thailand, it is paramount for Islamic bank to develop a competitive advantage as a strategy to differentiate their services and further attract potential customers and maintain current ones. Therefore, IBT needs to emphasize more on customer-orientation and relationship-orientation to provide more efficient and effective services in satisfying their customers. This in line with the suggestion made by Naser et al. (1999) who believe that Islamic banks need to be more concerned with satisfying the customers that would enhance operational success. Hence, by looking onto RM concepts, this study sought to investigate and identify the dimensions of RM that influence CS in IBT. As Hau and Ngo (2012) believe that relationship marketing orientation (hereafter, RMO) pursue to tighten customer relationship for a longer-term.

The term “Relationship Marketing” (RM) first emerged in the early 1980s, where Leonard Berry (1983) presented at the American Marketing Association’s (AMA) Conference. He highlighted the strategic approach for service marketing, thus introduced ‘Relationship Marketing’ concepts that emphasize on attracting, building and maintaining a long-term relationship with the key partners (Berry, 1983; Grönroos, 1989). Over a short time frame, RM has gained high amount of attention and is widely accepted for implementation and discourse up to the point that RM was

perceived as a paradigm shift in marketing as relationship orientation (Callaghan & Shaw, 2001). Particularly in the twentieth century, where businesses highly emphasize on customer and marketing orientation business need to look forward and consider implementing RM (Aijo, 1996; Callaghan & Shaw, 2001; Grönroos, 1989; Percy, Visvanathan, & Watson, 2010). Thus, it is crucial for researchers to execute empirical studies to investigate the relationship marketing concepts from different sectors and contexts that would further provide significant outcomes and more insights to practitioners and academicians of RM. Meanwhile, researchers are well aware of the importance of CS which not only lowers the cost company incur (Sayani, 2015), but also enhances business performance and higher profitability particularly in a banking sector (Ndubisi, 2007a). For the time being, empirical evidences on the relationship between RM dimensions and customer satisfaction seem to be scarce in the context of Islamic banking industry, particularly in Thailand.

1.3 PROBLEM STATEMENT

As stated in the previous section, Islamic banks tend to experience a highly competitive marketplace. According to Naser and Moutinho (1997) two major counterparts that Islamic banks tend to encounter are from conventional banks that offer Islamic windows and secondly, from the operation of other Islamic banks counterpart, regardless foreign or local banks. Previously in Thailand, there were three conventional commercial banks that offers Islamic financial products and services which are GSB, BAAC and KTB together with the operation of several ICIs (Haron & Yamirudeng, 2003; Lateh et al., 2009). The ICIs shared identical customer market (i.e. Muslims community) with IBT which would definitely affect the stability of customer shares. Thus, this would require a strategy in a well-planned manner to

compete with ICIs as well as conventional banks which requires to attract non-Muslim segment to patronize Islamic bank. The current condition forces IBT managerial levels to realize that IBT requires to maintain and at the same time increase their market share. According to Naser and Moutinho (1998), they suggested that Islamic banks are required to strive for long-term competitive positions to survive in times when Islamic banks come across stiff competition.. The current study encourages IBT to pay more attention on RM. This is because RM focuses and emphasizes on the enhancement of CS and how to retain consistent and good interaction with their customers for long-term engagement (Grönroos, 1995).

In the twenty first century, there has been continuous attention and studies conducted on RM in various industries such as the manufacturing sector (e.g. Chattananon & Trimetsoontorn, 2009; Trimetsoontorn & Chattananon, 2004), mobile service sector (e.g. Bojei, Radam, & Abu, 2012), banking sector (e.g. Heffernan, Neill, Travaglione, & Droulers, 2008; Ndubisi, 2007), retailing sector (e.g. Pressey & Mathews, 2000) and service sector (e.g Fullerton, 2005). Most of the sectors aimed to move towards retaining and enhancing customer relationship. According to Aijo (1996), closeness with customer is becoming more critical element in business regardless whether one is dealing with physical products or acts as a service provider. Nevertheless, empirical studies on RM in the Islamic banking sector remain scarce. Widana et al. (2015) noted that RM studies in the context of Islamic banking sector remain paucity. Hence, it is vital to have an empirical study conducted in the sector of Islamic banking from different context.

Hence, the present study perceived that there were a lack of empirical studies and literatures of RM in Islamic banking sector in general. While, in Thailand, there were no RM studies found on IBT and few studies discussed and empirically

conducted in relation to marketing perspective in the context of IBT. Thus, due to the shortage of marketing research, managers might have a lack of insight on marketing dimensions. Up to the best knowledge of the researcher of the current study, there has been no study conducted in IBT context concerning relationship marketing. Thus, the present study sought to provide an empirical evidence and insight on RM concepts in IBT. In order to encourage the RM implication in IBT, empirical research needs to be executed in advance to testify on which dimensions of RM have a significant relationship on customer satisfaction. Empirical evidence in the banking industry by Hallowell (1996) shows that customer satisfaction is tied to the increase of profitability. Therefore, due to this concern, this study attempts to fulfill the call and needs for more empirical studies in the context of IBT related to customer satisfaction and RM. Thus, this study aims to contribute additional empirical evidences on the subject matter of relationship marketing concepts in the area of Islamic banking. Thus, it is important to investigate and identify factors that affect CS.

Major problems and gaps highlighted in the present study are summarized as follow:

Problem: The existence of several Islamic financial institutions (IFIs) in Thailand call for a relationship-oriented approach. Hence, this requires an empirical study to investigate the effects of RM on customer satisfaction that provide more significant evidence on the implication of RM which would further help to attract the potential customers and retain the existing ones.

Research gap 1: RM studies in the context of Islamic banking sector remain scant (Widana et al., 2015).

Research gap 2: Meanwhile, up to the knowledge of the researcher of this study there have been no studies that examine the relationship of RM dimensions on customer satisfaction in Islamic banking sector, particularly in Thailand.

Research gap 3: Consequently, commitment has been commonly cited and discussed in RM literatures which is perceived as one of the most important components of RM. Thus, this study attempts to add and investigate ‘commitment’ as one of the independent variables that might affect customer satisfaction. Hence, the original model proposed by Hau and Ngo (2012) is adopted in this study.

1.4 RESEARCH OBJECTIVES

The research objectives in this study are specified into two major type; general and specific objectives, mentioned in the sub-section below.

1.4.1 General Research Objective

The general objective of this study is to identify the antecedents of customer satisfaction in an IBT context, from the relationship marketing perspective.

1.4.2 Specific Research Objectives

The specific research objectives of this study are listed as follows:

1. To examine the impact of trust on customer satisfaction.
2. To identify the impact of commitment on customer satisfaction.
3. To investigate the impact of communication on customer satisfaction.
4. To investigate the impact of bonding on customer satisfaction.
5. To study the impact of empathy on customer satisfaction.

1.5 RESEARCH QUESTIONS

The research questions developed in this study as follows:

1. What are the underlying factors that influence customer satisfaction on the Islamic Bank of Thailand based on the relationship marketing perspective?
2. What is the impact of trust on customer satisfaction?
3. What is the impact of commitment on customer satisfaction?
4. What is impact communication on customer satisfaction?
5. What is the impact of bonding on customer satisfaction?
6. What is the impact of empathy on customer satisfaction?

1.6 SIGNIFICANCE OF THE STUDY

The current study sought to contribute several significant benefits onto two major implication – academically and practically. The contributions of this study are discussed in the following sub-section.

First of all, the discussion and dispute in RM literatures on theoretical and conceptualization perhaps remain vulnerable. This study intends to contribute more empirical documentations on the body of knowledge of relationship marketing. From the findings, it could contribute to generalize conceptual outcomes to develop and consolidate the theory of relationship marketing.

Meanwhile, to the best knowledge of the researcher of the current study, there has been no study on RM concepts conducted in the context of Islamic bank of Thailand. Therefore, the current study expects to fill up the gap by documenting empirical evidence of RM as a starting point for future studies, in a context of IBT and other related fields. After all, the current study aimed to investigate the determinants of customer satisfaction using RM dimensions which are; trust, communication,

commitment, bonding and empathy conducted in a context of IBT. In addition, the outcomes of this study would contribute to more empirical documentation to other relevant literatures areas such as marketing, relationship marketing, the financial institution sector and Islamic banking in particular. Nevertheless, the limitation of this study could lead to future research to enhance and improve the findings of this study.

In terms of practical contribution, the findings of the current study could facilitate and provide more insight to the managerial team and personnel of IBT in particular on RM dimensions and its effects on customer satisfaction. Nonetheless, based on the results acquired from the current research, it would benefit the managerial level as well as marketers to develop a strategic plan for business operation in order to enhance the present and future relationships with customers. By referring to the findings in this study, managers and marketers could prioritize and focus on the most important components of RM that effect CS. Moreover, the current study provides a support to the sustainable growth of Islamic banking sectors particularly in Thailand by directing their focus on CS and relationship-orientation. Empirical evidence of the present study could guide and enhance the direction of services and relationship development between banks and their customers. Therefore, upon achieving the research objectives set by the present research it would likely benefit both theoretical and practical aspects of RM. Thus, it is important to conduct the current research.

1.7 DEFINITION OF KEY TERMS

In order to recognize and comprehend the relevant concepts and terms utilized in the current study, the terminology of terms used throughout the study is defined and described to provide better understanding on the terms used in this study. Below is the list of the key terms:

1.7.1 Relationship Marketing

Grönroos (1997, p. 407) refers RM as “a process of identifying and establishing, maintaining and enhancing relationships and terminating when necessary, with customers and other stakeholders, at a profit, so that the objectives of all parties are met, and that this is done by a mutual exchange and fulfillment of promises”.

1.7.2 Islamic Banking

Islamic banking is a banking system that operates and offers merely financial products and services that conform to Islamic ruling or *Shariah*.

1.7.3 Islamic Banks

Islamic banks refer to a type of banking institution that performs activities and transactions in accordance to Islamic law and ruling (i.e. *Shariah*).

1.7.4 Trust

Moorman et al. (1992, p. 315) defined trust as “a willingness to rely on an exchange partner in whom one has confidence”.