

UGSM-Monarch Business School Doctoral Dissertation Proposal

Bank Growth in the Kingdom of Bahrain: An investigation on motivational factors within customers' satisfaction

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INTRODUCTION

The banking sector in the Kingdom of Bahrain continues to face the challenges from new and International banks. The former has undermined the local banks to sustain their business as well as growth (Stubing, 2012). Moreover, both banks and the banking sector continue to face challenges linked to the global financial crisis (Deloitte, 2013). Local commercial banks are experiencing slow growth and continue to lose part of their market share to International banks (Williams, Low, & Topping, 2013). Onshore banks customers' migrated to international banks due to product sophistication and presented a higher customers service (MacDonald, 2013).

On May 25 1981, a grand meeting occurred in Abu Dhabi and United Arab Emirates (The Cooperation Council for the Arab States of the Gulf, 2012). The meeting was graced with the presence of their Majesties and Highnesses, the leaders of the United Arab Emirates, State of Bahrain, Kingdom of Saudi Arabia, Sultanate of Oman, State of Qatar and State of Kuwait (The Cooperation Council for the Arab States of the Gulf, 2012). In this meeting of the minds, they reached a cooperative framework joining the six states to effect coordination, integration and inter-connection among the Member States in all fields in order to achieve unity (The Cooperation Council for the Arab States of the Gulf, 2012). In consensus to the Gulf Cooperation Council (GCC) charter, Article 4 further emphasized the deepening and strengthening of relations, links and areas of cooperation among their citizens (The Cooperation Council for the Arab States of the Gulf, 2012).

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At the end of 2011, the population in the Kingdom of Bahrain reached to 1.324 million (World-Bank, 2011). In December 31 2012, there were a total of 406 Banks and Financial Institutions (CBB, List of Banks and Financial Institutions, 2012). The Kingdom's banking system includes both conventional and Islamic banks and financial institutions. Furthermore, it is the largest component of the financial system, accounting for over 85% of total financial assets (CBB, 2013). The financial sector is the largest single employer in the Kingdom with Bahrainis representing over 80% of the work-force (CBB, Central Bank of Bahrain, 2013).

Overall, the financial sector contributes 27% to Bahrain's Gross Domestic Product (GDP), making it one of the key drivers of growth in the country (CBB, 2013). Recently, Standard and Poor's re-evaluate the country's rating and the Central Bank of Bahrain welcomed the revised outlook of the Kingdom by Standard & Poor's from negative to stable (S&P, 2013). Bahrain's credit rating remained at 'BBB/A-2' (S&P, 2013). The bank having the least loss value is taken to be the best performer in providing quality service to its customers' (Mukherjee & Nath, 2005). By focusing on the effect of this relationship creates a more comprehensive understanding of how customer satisfaction increases shareholder value (Rego, 2005).

The "right" level of service depends on how customers respond to variations in suppliers' quality levels (Gans, 2002). There are many cases where poor service may lead customers to change suppliers. This type of switching behavior is driving supplier market share and profitability (Gans, 2002). Apparently, without an understanding of customer choice behavior and competitive dynamics the question that remains

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unaddressed is how to best set quality levels (Gans, 2002). Seemingly, banks in the Kingdom undergoing financial crises realized the dilemma and are attempting to explore the gap in order to set the right direction for meeting customers' expectations and maintaining market share (McKinsey, 2012). Banks are becoming more competitive and endeavor to develop and implement initiatives in order to meet the demands of their customers' (McKinsey, 2012). This in turn, has caused banks competing aggressively to sustain and grow their customers' base (McKinsey, 2012).

After a thorough review of several local commercial banks websites and financial reports has demonstrated difficulty to measure and assess performance (BBK, 2013; NBB, 2013). The uncertainty is based on whether or not it is measured by a combination of product lines offer, quality and the right level of service that leads to customers' satisfaction (BBK, 2013; NBB, 2013). The website of Bank of Bahrain and Kuwait ("BBK") suggest customer focus (BBK, 2013). However, their financial statement conceals focus on the product line performance (BBK, 2013). Financial statements of local commercial banks in the Kingdom are likely to disclose profit and revenue without addressing for example customers' account termination (BBK, 2013).

The Bahrain government's drive towards providing further impetus to economic growth is likely to benefit the banking sector (Global, 2007). However, banks will continue to face competition in the market with international banks. Domestic banks are continuing to leverage their brand as well as maintain a strong customers' relationship to continue growth. The outlook for the banking sector is positive on core banking activities (Global,

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2007). Thus, the significance of the contemplated research is to determine the following objectives:

1. To investigate and determine customer satisfaction of local commercial banks in the Kingdom of Bahrain;
2. Research will analyze existing offering from products and services and study the main factors that impact customers' choice;
3. To identify performance gaps and limitations in order to establish areas for improvement resulting in increased profitability and customers' satisfaction;
4. To determine and analyse the level of products personalization from local commercial banks' to their customers;
5. To assess the relationship between a bank and its customers centering on customer loyalty;
6. To assess and analyse the Banks' culture on customer satisfactions;
7. To evaluate customers expectation focusing on the perception of the level of a bank's commitment and trust; and
8. To assess and analyse the impact of employee conduct when dealing with customers.

It is believed that the scope of this research does not appear to have been completed elsewhere which provides opportunity to contribute original knowledge to the domain of customers' satisfactions' of Banking sector in the Kingdom of Bahrain.

PROVISIONAL RESEARCH QUESTION

Given the above discourse a provisional research question has been developed as:

“What are the characteristics of new customers' satisfaction model that contribution in explaining the relationship between customers' decision and bank's quality offering of products and services in the Kingdom of Bahrain?”

RESEARCH METHODOLOGY

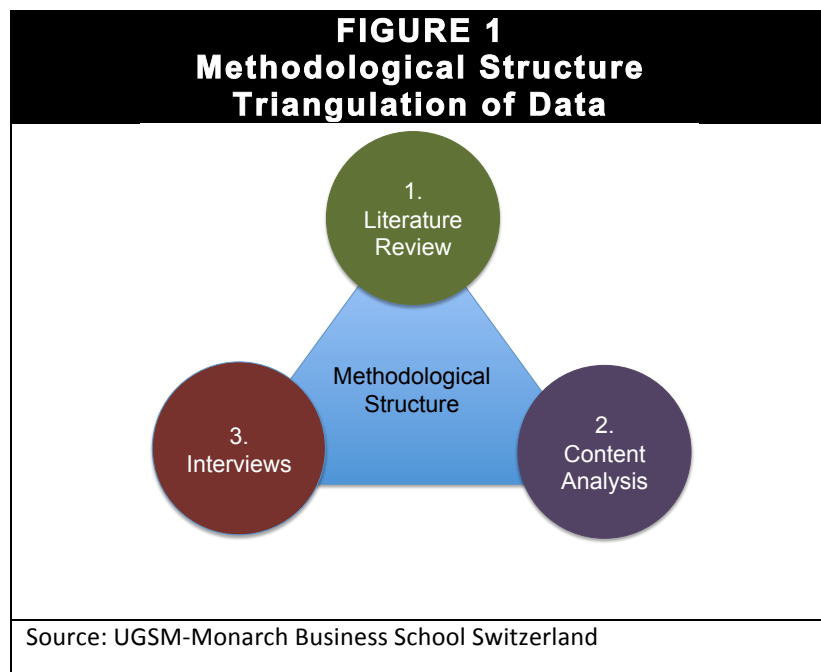


Figure 1 shows that the aim of the contemplated research is to respond to the provisional research question by way of a triangulation of research data, being: 1. literature review of existing seminal academic authors (desk research); 2. content analysis of existing corporate data (desk research), and; 3. Interviews with primary stake holders in industry (field research)

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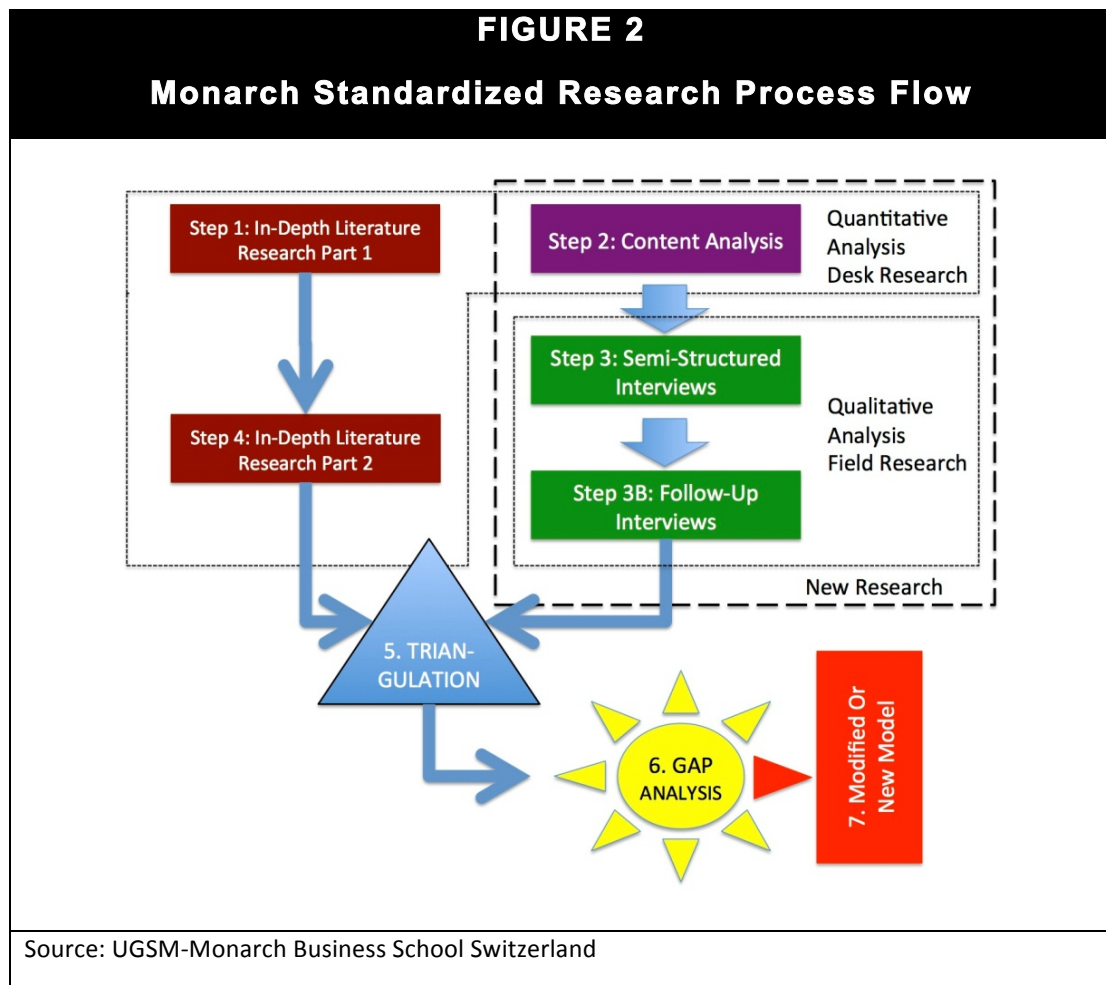


Figure 2 illustrates the steps within the Monarch Standardized Research Process Flow that will be followed within the contemplated research, as:

1. **In-Depth Literature Review-Part 1:** In-depth review of the seminal authors within the domain of customers' satisfaction in the banking sector will be the first step completed in order to provide a solid academic foundation to the research.
2. **Content Analysis:** An analysis based on data obtained from banks' annual reports, central banks official website, white papers, supporting commercial documents and other commercial data sources will be examined.
3. **Two-Step Semi-Structured Interview Process:**
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- Step 1. **Preliminary Interviews:** The development of preliminary interview questions will be informed by and synthesized from the review of the literature and content analysis. Stakeholders to be interviewed will be industry participants considered knowledgeable with respect to the research at hand. A minimum sample of thirty (30) unique participants will be interviewed. Interviews will be held in person at a location amenable to the subjects and are expected to be approximately thirty (30) minutes in length. Telephone interviews will be used in the case that physical interviewing is impossible due to resource or time constraints. Interviews will be tape recorded unless objected to by the participant in which case manual notes will be taken.
- Step 2. **Follow-Up Interviews:** of a more specific and narrow view informed by the first round of interviews, content analysis and literature review will be concluded with a smaller sub-set of 15 respondents obtained from the first round sample. These interviews will seek to uncover deeply held personal beliefs and understandings on the research subject that will further uncover important aspects in responding to the provisional research question.
4. **Step 4-In-Depth Literature Review-Part 2:** A second more in-depth literature research review will be completed to further refine the scope and consideration of the existing knowledge within the academic field to add more expertise and specificity to the research analysis.

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5. **Step 5 & 6 - Triangulation of the Data & Gap Analysis:** A triangulation of the data will be considered and analyzed in order to determine whether or not the existing academic knowledge is congruent with the practical application of the field on a commercial basis. The result of this analysis should dictate whether or not a “Knowledge Gap” exists between the academic (theoretical) and the practical (applied) domains.

6. **Step 7: Development of New Model:** Building on the Gap Analysis a thorough analysis of the existing frameworks within the academic domain will be made. This analysis will inform whether or not the existing frameworks sufficiently address the requirement for practical application within the industry and whether or not they may be further improved or modified.

RESEARCH TIMELINE & BUDGET

TABLE 3 Provisional Research Timeline													
		Year 1				Year 2				Year 3			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
PART A	Pre-Literature Review												
	Literature Review Part 1												
	Research Plan												
	Chapter 1												
	Chapter 2 & 3												
	Content Analysis												
		Official Submission of Chapters 1, 2, 3 and Slide Presentation To Obtain Authorization To Continue On To Field Research											
PART B	Interviews Part 1												
	Literature Review Part 2												
	Interviews Part 2												
	Data Analysis												
	Chapter 4, 5, 6												
	Manuscript Perfecting												
	Submission												
Source: UGSM-Monarch Business School Switzerland													

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The contemplated research is expected to conclude over a 36 month period. A breakdown of the time allocation by the different phases of the research is outlined in Table 3 above.

TABLE 4 Research Budget	
	In Euros
Conferences	2,000
Hotel Accommodations	3,500
Travel	2,,000
Transportation Costs	700
Telephone Charges	500
Reproduction Expenses-Questionnaires	1,700
Reproduction Expenses-Manuscript Copies	1,000
Proofreading and Translation	4,000
Books & Articles	1,500
Statistical Software	1,200
Customers Participants and Motivational Rewards	3, 800
Miscellaneous Expenses	1,200
TOTAL	23,100

The research will be privately funded. No requests for supplementary grants, assistantships or scholarships will be made. The total budget of the project is approximately 23,100 Euros. No additional resources or funding will be requested of UGSM-Monarch Business School Switzerland. The budget is presently funded and research may begin immediately upon approval.

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