ST. MARY UNIVERSITY

SCHOOL OF GRADUATE STUDIES

THE PERCEIVED SERVICE QUALITY AND CUSTOMER SATISFACTION AT NIB INTERNATIONAL BANK

BY

BEWOKET MOGES

SEPTEMBER, 2014

ADDIS ABABA, ETHIOPIA

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A THESIS SUBMITTED TO ST. MARY'S UNIVERSITY, SCHOOL OF BUSINESS IN PARTIAL FULFILEMENT OF THE REQUIREMENT FOR THE DEGREE OF MASTER OF BUSINESS ADMINSTRATION (GENERAL MBA PROGRAM)

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APPROVED BY BOARD OF EXAMINERS

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ABBRIVATIONS

ATM   :   Automatic Teller Machine.

DEA   :   Data Envelopment Analysis.

E-channel   :   Electronic Channel.

FCY   :   Foreign Currency.

FLEs   :   Frontline Employees.

H.O   :   Head Office.

MCSQ   :   Management Commitment on Service Quality.

NIB S.C.   :   Nib International Bank Share Company.

PIMS   :   Project Impact of Market Strategies.

QCS   :   Quality Customer Service.

SPSS   :   Statistical Packages for Social Science.

TQM   :   Total Quality Management.

ACKNOWLEDGEMENT

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ABSTRACT

The purpose of this research was to investigate the perceived service quality and customer satisfaction at Nib International Bank S.C. (NIB). There is a widely held belief that service quality is a key driver for customer satisfaction. Many Scholars also agreed that there is a positive relationship between product and service quality and customer satisfaction. Today the focus has been on customer perceived quality, especially when dealing with service operations. We have developed a conceptual frame work in cognizant of these and structured questionnaires were designed using the five Liker scale. These questionnaires were distributed and data for analysis were collected from 40 customers and 60 employees of NIB from 20 representative bank branches operating in Addis Ababa. These data were sorted and registered in SPSS version 20 statistical software to analyzing the data. The results of the study indicates that customer satisfaction is not meet almost in all quality customer service dimensions like tangibility, reliability, responsiveness, assurance, empathy and other service attributes. Therefore; it is difficult to maintain highly satisfied loyal customers which assure pereformance. Customer satisfaction has found to be an important mediator between perceived service qualities. It is very important that the bank must design and implement a quality customer service recovery program. The program is critical to the bank, because correctly addressing and solving a customer's problems in service quality can lead to higher customer satisfaction. This can be achieved through satisfied and committed management and employees in addition to other quality customer service factors as they are critical to business success. A clear understanding from this and the postulated relationships among the studied variables might encourage the bank to figure out appropriate course of action in quality customer service to satisfy high needs of customers.

Keywords: customer loyalty, customer satisfaction, quality customer service.

CHAPTER-ONE

INTRODUCTION

Chapter one includes basic points of the paper such as background of the study, study area, definition of terms, statement of the problem, basic research questions, objectives of the study, significance of the study, scope of the study, limitation of the study and organization of the study. All are indicated below.

1.1 Background and Area of the Study

Liberalization of the banking sector has created an era of the birth of private commercial banks in the service industry in Ethiopia and start fierce competition among themselves, as a result providing quality customer service and better performance is expected to assume an increasing important in the banking industries. Banks can become stronger and effective only if they provide quality customer service, reduce costs, and enhance innovation. Today, customers have a wide choice of service providers and they have options and prefer banks that deliver quality customer service in terms of reliability, responsiveness, assurance, empathy and tangibility. Therefore, the quality of service plays a dominant role and is a primary factor in ensuring the survival of the service provider in the market. Providing customer focused efficient and effective quality commercial banking customer service is the mission of NIB S.C.

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The bank clearly understands the importance of quality customer service to gain competitive advantage over its competitors and achieve its corporate objective. However, as per the researcher's observation as member of the organization this effort is not mostly met, So this research tried to address the fundamental problems that hinder the delivery of viable quality customer service in NIB.

The formation of NIB is the outcome of the liberalization of the banking sector. May 26, 1999 was a defining movement for the birth of the young but vigorous NIB S.C. It is the

day the Bank secured a license as the six private bank as per the National Bank of Ethiopia Banking Business   proclamation No.592/2008.The bank come to the banking business having a Vision to become icon of excellence and the leading commercial bank in Ethiopia. The guiding Mission of NIB S.C. is to provide customer focused, efficient and effective full-fledged commercial banking services by deploying qualified , honest and motivated staff, state-of the art technology and their by optimize stakeholders' interest. The bank upholds such business ethical values like; Loyalty; Transparency; Accountability; Social responsiveness; Honesty and integrity; Organizational excellence; Equal employment opportunity; Prudent and professional banking practices; Competitive service and sustainable growth. (NIB Annual Report 2013).

The bank began operations on October 28, 1999 with a paid up capital of Birr 27.6 Million, 27 employees and 717 shareholders while the authorized capital was Birr 105 million. In fourteen years operations on June 30,2013 the bank has registered total asset of Birr 9.1 billion, total liabilities of Birr 7.5 billion, total capital of Birr 1.67 billion, its staff strength reached 2,278 employees. The total number of branches reached 71. NIB S.C. (Annual Report 2012 - 2013).

The main objectives of NIB in the banking sector is to deliver efficient and customer focused quality banking services supported by the state- of- the art technology, to help spread banking culture among the society, to introduce modern banking practices and of course to generate the maximum possible profit for its shareholders. In pursuing these objectives the bank provides various services such as mobilizing deposits, granting loans and advances, facilitating international trade, local and international transfer services and generating incomes from loans and advances, earning service charges and commission incomes, register profit every year, maximize shareholders' interest, managed asset quality, increase total capital, expanding branches, providing quality and full-fledged customer service, increase customer base and get higher market share, increase the number of shareholders, develop professional employees, contribute in the economic development of the country, better resource management, alleviate the ills of the disadvantaged sections of the society (NIB 10th Anniversary Special Magazine 1999-2009).

1.2 Statement of the Problem

The fundamental corporate objectives of business organizations are profitability, growth, image and vitality. All these fundamental objectives will be realized only when we recognize and value the importance of customers and providing them quality customer service. Customer service in the service sector is a core competitive weapon to achieve or fail. In today's increasing competitive environment, quality service and customer satisfaction are critical to meet corporate objectives. Wining competition and meeting organizational objectives are possible only by providing comprehensive quality customer service.

Delivering high quality service is linked to profits, cost savings and corporate image. Customer satisfaction is the route to sustain high performance. Organizations should be aware of the fact that customer dissatisfaction leads to defection and long term losses. Ensuring quality customer service is everybody's business in the organization (Lawrance and Wachera 2012). Providing services to its customers are the main objectives of banks. There are government and private commercial banks in Ethiopia. All are providing similar commercial banking services to customers. NIB one among these private commercial banks which is providing commercial banking service in the country since 1999.

The fundamental corporate objectives of NIB could be realized only when the bank provides quality customer service continually. The effects of quality customer services have a direct impact on the performance of the bank. The quality of customer service is the key differentiator among similar service providing commercial banks, those are having almost the same service products. Quality customer service keeps customers coming back; bad customer service drives customers away, taking their friends, family and workmates with them (Lyndsay, 2009). Producing high quality products or services is not an end by itself. Offering high quality customer services in addition to producing high quality products and services result in many important benefits for the organization.

They affect performance developing Positive company image, reduce cost, increase market share and decreased liability etc (Hellriegel, Jakson and Slocum, 2002).

There are high interest and efforts of management to deliver quality customer service and perform better than other similar service giving commercial banks in the country. However, as per the preliminary studies and day to day observation, the researcher thought that these important competitive performance factors are not owned and properly implemented by most employees and some management staff of the bank. In line to this there are frequent customers complaints on the service delivery of the bank. The researcher as a management member of the organization received frequent customer complaints on the problems of quality customer services. As a result this initiates the researcher to study the perceived service quality and customer satisfaction at NIB.

1.3 Basic Research Questions

The following basic research questions were considered in relation with statement of the problem.

- ➢ What are the factors that affect NIB S.C. to provide quality customer services?
- ➢ Which service dimensions and their attributes preferred by customers in NIB?
- ➢ What are the sole roles of employees in the service quality?
- ➢ Is there a significant relationship between overall service quality offered by the organization and customer satisfaction?

1.4 Objectives of the Study

1.4.1 General Objective

The main objective of the study is to check the perceived service quality and customer satisfaction at NIB.

1.4.2 Specific Objectives

In line with the general objective the following specific objectives are drawn:

❖ To assess the overall satisfaction level of customers on the quality services of the bank.

❖ To identify the level of customer satisfaction towards service dimensions like reliability, responsiveness, tangibility, assurance, empathy and other service factors.

❖ To assess the commitment of the bank to provide quality customer service to its customers.

1.5 Significances of the Study

Apart from its academic purpose this study will provide the following advantages:

❖ It will contribute a lot to the management of the bank to understand its position in customer services and give in sight the major challenges that need attention in the service area.

❖ The study contributed its part in the quality of services for those enterprises and companies where their main engagement is in the service sector in the country like other commercial banks, insurance companies, hotels, Telecommunication, privet schools, other financial institutions like microfinance organizations, even individual service providers, etc.

❖ It also helps to enrich local literatures and serves as a reference for those researchers who would like to conduct further study on this area.

❖ It may initiate and encourage other researchers to conduct further study in the subject.

1.6 Scope of the Study

First, this research had considered only NIB employees and customers in twenty branches and branches customers these are found in Addis Ababa among 40 branches and 71 over all branches in the country. The researcher preferred this because covering all branches and employees and customers made the research unmanageable. Second, the scope of this research was limited by time, finance and other factors limited our scope. The research was also considered only one matter of the bank that is the perceived service

quality and customer satisfaction at NIB. The research was limited to this particular but important problem of the bank. Actually there were many problems that needed research and got solution apart from the perceived service quality and customer satisfaction at NIB. But the researcher took it as very serious and basic for all other problems and gave priority than others.

1.7   Limitation of the Study

The under listed limitations were observed:

- ➢ All the samples were considered only NIB employees and customers found in Addis Ababa forgetting all other banks' employees and customers all over the country.
- ➢ As the researcher is employee of the bank some biased looking may be there.
- ➢ Unavailability of required data and information in the research area influenced the quality of the research.
- ➢ Absence of willingness of employees and customers to fill and return questionnaires on time, and difficulty to arrange interview session with them as they were busy
- ➢ The shorter the research time, the costly of the project, the wider the geographical dispersion of branches.

1.8 Organization of the Study

This study is organized in five chapters. The first chapter deals with introductory part including introduction, background of the study, statement of the problem and objective of the study.

The second chapter review of literature related to the study. The third chapter was all about the research methodology and methods. The fourth chapter summarized, analyzed and interpreted the research data. Finally the fifth chapter presented the findings of the

research summaries, conclusion and recommendations. Appendices and references are also in closed at the end.

CHAPTER TWO

Review of Related Literature

This chapter will assess literatures related to the research topic. The researcher has reviewed relevant conceptual, empirical literatures and researches conducted by different authors at different time and level to understand the research topic in depth.

2.1   Theoretical Literature

2.1.1   Quality and Services Concepts

Some of the most noted thinkers in the field have described quality in respect to 'excellence' or more accurately 'perceived excellence'. (Campbell and Craig 2005) discussed that although quality means many things to different people, in general we can consider quality as meeting customer needs or expectations.

Some definitions of quality as defined by different authors and cited by (Campbell and Craig 2005):

- ❖ Quality should be aimed at meeting the needs of the customer, present and future, (Deming).
- ❖ Quality is fitness for purpose for which the products is intended, (Juran).
- ❖ Quality is conformance to requirements (either customer requirements or the specification predetermined for it, (Crosby).
- ❖ The total composite products and services characteristics of marketing, Engineering, manufacturing, and maintenances through which the products and services in use will meet the expectation of the customer, (Feigenbaum).
- ❖ Quality is meeting customer requirements, (Oakland).

Defining service alone is difficult, because invariably services are marketed in conjunction with tangible goods. Service required supporting goods and goods required supporting services. It may be helpful to think of every product as a mix of goods and services located a continuum ranging from pure goods to pure services.

Definition of services is as services are identifiable, intangible activities that are the main object of a transaction designed to provide want-satisfaction to customers. By this definition supplementary services that support the sale of tangible goods or other services are excluded. We are concerned here with the service marketed by business or professional firms with profit making motives commercial services. A useful classification of commercial services by industry is housing, household operations, recreation and entertainment, personal care, medical and other health care, private education, business and other professional service, insurance, banking and other financial services, transportation and communication, (William, Michael and Bruce, 1991).

The distinction between manufacturing and services is not quite as profound as often stated, for a number of reasons. Some of the distinctions are not quit pronounced as may first appear. For example, the following are typical statements concerning service industries and their contrast to manufacturing operations, (Brown, Lamming, Bessant and Jones, 2005).

- ❖ The product is intangible.
- ❖ Services cannot be kept in stock.
- ❖ Services vary and cannot be mass-produced.
- ❖ There is high customer contact.
- ❖ Customers participate in the service.
- ❖ Facilities are located near to customers.
- ❖ Services are labor intensive.
- ❖ Quality is difficult to measure.
- ❖ Quality depends largely on the service

2.1.2 Definition of Quality Service Related Terms

Determinants of service quality are related to the service process. Such terms are defined by (Heizer and Render, 2004) as follows:

Reliability Involves consistency of performance and dependability. It means that the firm performs the service right the first time and that the firm honors its promise.

Responsiveness concerns the willingness or readiness of employees to provide service. It involves timeliness of service.

Competence means possession of the required skills and knowledge to perform the service.

Access involves approachability and ease of contact

Courtesy involves politeness, respect, consideration, and friendliness of contact personnel (including receptionists, telephone operators, etc.).

Communication means keeping customers informed in language they can understand and listening to them. It may mean that the company has to adjust its language for different consumers-increasing the level of sophistication with a well-educated customer and speaking simply and plainly with a novice.

Credibility involves trustworthiness, believability, and honesty. It involves having the customer's best interest at heart.

Security is the freedom from danger, risk, or doubt.

Understanding /knowledge the customer involves making the effort to understand the customer's needs.

Tangibles include the physical evidence of the service.

Assurance The knowledge and courtesy of employees and their ability to convey trust and confidence.

Empathy The caring, individualized attention provided to the customer

2.2 Characteristics of Services

The four characteristics that differentiate services from goods are: Intangibility, inseparability, variability (heterogeneity) and perishability (Jobber, 2001).

2.2.1   Service Intangibility

Pure service cannot be seen, tested, touched, or smelled before they are bought.   A service is a deed, performance or effort, not an object, device or thing. This may mean that a customer may find difficulty in evaluating a service before purchase and even after consumption. The challenges for service provider are to use tangible cues to service quality. For example a banking firm may show pictures of service provisioning with presentable employees, neat and attractive office arrangements, provide and announce lists of services in a brochure.

Service intangibility also means that the customer cannot own a service. Payment is for use or performance of the service. Service organizations sometimes stress the benefit of non-ownership such as lower capital costs and the spreading of payments charges.

2.2.2   Service Inseparability

Service inseparability is explained as unlike physical goods, services have inseparability that is they have simultaneous production and consumption. This contrast with physical goods which is produced, stored, distributed through intermediaries before being bought and consumed. This illustrates the important of service provider, who is an integral part of the satisfaction gained by the consumer. How service providers conduct themselves may have a crucial bearing on repeat business over and above the technical efficiency of the service task. For example, how courteous and friendly the service provider is may play a large part of the customer's perception of the service experience. The service must be provided not only at the right time and in the right place but also in the right way.

The selection, training and rewarding of staff who are the front-line service people is the fundamental importance in the achievement of high standards of service quality. This notion

of the inseparability between production and consumption gave rise to the idea of relationship marketing in services. In such circumstances, managing service recipient-service provider interaction is central to effective marketing and can only be fulfilled in a relationship with the customer.

Furthermore, the consumption of the service may take place in the presence of other consumers. Enjoyment of the service is dependent not only on the service provided, but also on other consumers. Therefore service providers need to identify possible sources of nuisance (e.g. noise, smoke, queue jumping) and make adequate provision to avoid inter-customer conflict. Supervisors should not underestimate the role played by customers in adding other customers in their decision making.

2.2.3 Service Variability

Standardization is difficult in provision of service. Services are conducted at multiple locations by people who vary in their skills and attitudes are subject to simultaneous production and consumption. A service fault, like rudeness cannot be quality checked and corrected between production and consumption, like a physical product. The potential for variability in service quality emphasize the need for rigorous selection, training and rewarding of staff in service firms. Training should emphasize the standards of behavior expected of personnel when dealing with customers. Evaluation systems should be developed which allow customers to report their experience with staff.

Service providers can anticipate the precise requirements and moods of the customers as they start interacting with them. An empathetic service provider will customize the service and his behavior according the requirement and mood of the customer. In fact, a service provider can publicize his ability to customize service for his customers.

Service standardization can be used to tackle the variability. The use of reliable equipment like Automatic Teller Machine (ATM) rather than people can also help in standardization. Care needs to be taken regarding equipment reliability and efficiency. When an individual service provider fails to perform his task, customer takes it out on

him and the provider has an opportunity to placate him. But when equipment like ATM does not work, the customer straightaway believes that the service is not good and may stop going to the service provider without giving any hint to the provider of his annoyance. Whenever equipment is being used to provide a service, the service provider should ensure that it is working to the satisfaction of customer availing the services.

2.2.4   Service Perishability

The fourth characteristic of service is its perishability. Service perishability means that service cannot be stored for later sale or use. The perishability of services is not a problem when demand is steady. However, when demand fluctuates, service firm often have difficult problems. Service firms often design strategies for producing a better match between demand and supply.

2.3   The Importance of Quality Service

Hellriegel, Susan and John (2002) discussed about producing high quality products or services are not an end by itself. Successfully offering high quality to customers typically results the following three important benefits for the organization. Today the focus has been on customer perceived quality, especially when dealing with service operations. The following advantages are a result of quality products or quality services. A reputation of high quality products of services creates a positive image. A positive image eases recruiting of new employees, increasing sales, and obtaining fund from lending agencies.

In manufacturing plants or service companies, higher quality increases productivity, higher customer satisfaction and loyalty, lower rework time, scrap costs, and warranty costs, leading to increase profits. Product manufacturers and service providers increasingly face legal suits over damages caused by faulty, dangerous, and/or misrepresented products and services. Organizations that design and produce faulty products and providing faulty services increasingly are being held liable in state courts for damages resulting from the use of such products/ services.

2.4 Total Quality Management

Total quality management (TQM) refers the quality emphasis that encompasses the entire organization, from supplier to customer (Heizer and Render, 2004). TQM stresses a commitment by management to have a continuing companywide drive toward excellence in all aspects of products and services that are important to the customer.

2.4.1 TQM in Service

The personal component of service is more difficult to measure than the quality of the tangible components. Generally, the user of a service, like the user of the good, has features in mind that form a basis for comparisons among alternatives. Lack of any one feature may eliminate the service from further consideration. Quality also may be perceived as a bundle of attributes in which many lesser characteristics are superior to those of competitors. This approach to product comparison differs little between goods and services. However, what is very different about the selection of services is the poor definition of the (1) intangible differences between products and (2) the intangible expectations customer have of those products. Indeed, the intangible a tribute may be differed at all. They are often unspoken images in the purchaser's mind. This is why all of those marketing issues such as advertising, image and promotion can make a difference.

The operational mangers play a significant role in addressing several major aspects of service quality. First the tangible component of many services is important. How well the service is designed and produced does make difference. This might be how accurate, clear, and complete your checkout bill at the hotel is, how warm the food s at taco Bell, or how well your car runs after you pick it up at the repair shop.

Second, another aspect of service is the process. Nine out of ten of the determinants of service quality, i.e. reliability, responsiveness, competency, access, courtesy, communication, credibility, security, understanding / knowing the customer and tangibles are related to the service process. Such things are reliability and courtesy are part of the

process. The operational manager can design processes (service products) that have these attributes and can ensure their quality through the TQM techniques or tools like check sheet, scatter diagram, cause and effect diagram, pare to charts, flow charts, histogram and statistical process control.

Third, the operations manager should realize that the customer's expectations are the standard against which the service is judged. Customers' perceptions of service quality results from comparison of their before-service expectations with their actual-service experience. In other words, service quality is judged on the basis of whether it meets expectations. The manager may be able to influence both the quality of the service and the expectation. Don't promise more than you can deliver.

Fourth, the manager must expect exceptions. There is a standard quality level at which the regular service is delivered, such as the bank teller's handling of transaction. However, there are exceptions or problems initiated by the customer or by less than optimal operating conditions (for example, the computer crashed). This implies that the quality control system must recognize and have a set of alternative plans for less than optimal operating conditions.

Designing the product, managing the service process, matching customer expectations to the products, and preparing for the exceptions are keys to quality service.

2.4.2 Benchmarking

Benchmarking is ingredient in an organization's TQM program. Benchmarking involves selecting a demonstrated standard of products, services, costs, or practices that represent the very best performance of for processes or activities very similar to your own. The idea is to develop a target at which to shoot and then to develop a standard or benchmark against which to compare your performance.

Benchmarking as the continuous processes of measuring our products, services, and business practices against the toughest competitors or those companies recognized as industry leaders' (Chary, 2009).

All of us do benchmarking in our usual lives. We admire some people for the way they speak, for the way conduct themselves, or for the way they dress and eat. Many of us have some role models whom we try to emulate. This process is also called as benchmarking.

2.5 Managing Service Quality

Service quality is particularly difficult to define, measure, control, and communicate. Yet in services marketing, the quality of service is critical to a firm's success. Two airlines each fly Boeing 737s and charge the same fare; two auto-repair shops each use factory-authorized parts and charge the same price; and two banks make home mortgage loans at identical interest rates; Assuming similar time and locations, quality of the service is the only factor that differentiate what is offered be these firms. This is addressed by William, et al (2004). They also explain that service provider must understand two attributes of service quality: First, quality is defined by the customer, not by the producer seller. Second, customers assess service quality by comparing their expectations to their perceptions of how the service preformed. In this process, there is no guarantee that expectations will be enable, nor is there any assurance that a customer's perception of performance will be based on more than a single experience.

Consequently, to effectively manage quality, a service firm should:
1.   Help customers formulate expectations.
2.   Measure the expectation level of its target customers.
3.   Service to maintain consistent service quality at or above expectations level.

Expectations are based on information from personal and commercial sources, promises made by the service provider, and experience with the particular service as well as other similar services. Firms have an opportunity through their formal and informal communications to influence customers' expectations.

A service firm must conduct research to measure expectations. Gathering data on the target market's past behavior, existing perceptions and beliefs, and exposure to information can provide the basis for estimating expectations. With the desired level of

service keyed to expectations, the next challenge is standardizing services performance – that is, maintaining consistency in service output.

Service performance typically varies even with in the same organization. This is true in such diverse fields as legal services, landscaping, baseball, and hospital care, banking services, and marketing courses. The reason is simple: services are most often performed by people and their behavior is very difficult to standardize.

As part of managing service quality, an organization should design and operate an ongoing quality assessment and improvement program. The foundation of quality improvement is monitoring the level and consistency of service quality. Holding the idea that service quality is defined by customers, a firm regularly measure customer satisfaction- that is, customers' perceptions of the quality of an organization's service.

One proposal for standardizing the quality of service delivery is to substitute machine for people whenever possible. At least in theory, an ATM or a website on the internet treats every interaction in the same fashion. Although it is a fact that a machine will not suffer from fatigue, forgetfulness or stress, this argument ignores the variability on the customer side of the exchange.

According to Jobber (2001), there are four key aspects of managing services. These are: Managing customer relationship, managing service quality, managing service productivity, managing service staff, and positioning service.

2.5.1 Managing Customer Relationships

Relationship marketing in service has attracted much attention in recent years as organizations focus their efforts on retaining existing customers rather than only attracting new ones. It is not a new concept, however, since the idea of a company earning customers loyalty was well known to the earliest merchants who had a saying: 'As a merchants, you'd better have a friend in every town.' Relationship marketing involves the shifting from activities concerned with attracting customers to activities

focused on current customers and how to retain them. Although the idea can be applied to many industries it is particularly important in service.

There are five benefits to service organizations in developing and maintaining strong relationships: increased purchases, lower cost, Life time value of customer (the profit made on a customer's purchases over the life time of the customer), word of mouth (a firm that has a large number of loyal customers is more likely to benefit from word of mouth than another without such a resource) and employee satisfaction and retention. Satisfied employees can spend time improving existing relationships rather than desperately seeking new customers. Satisfied employees also lower job turnover.

The net result of the five benefits of developing customer relationships is high profits. Loyal customers generate more revue for more years and the costs of maintaining existing customers are lower than the costs of acquiring new customers.

Entering in to long term relationship can also reap benefits for the customer like risk and stress reduction, higher quality service, avoidance of switching cost and social and status benefits.

An increasing trend in many industries is towards key account management, (Kumar and Meanakshi 2006) which reflects fewer but larger customers. The Company maintains special relationship with a customer who places order. It is very important for suppliers to retain these accounts.

2.5.1.1 Developing Customers Retention Strategy

The benefits of developing long-term relationship with customers mean that it is worthwhile for services organizations to consider designing customer retention strategies. This involves the targeting of customer for retention, bonding (level one trough financial incentives, level two more than price incentive and level three financial, social and structural bonds), internal marketing (high quality service delivery), promise fulfillment, building of trust and service recovery.

Service recovery strategies should be designed to solve the problem and restore the customers' trust in the firm, and to improve the service system so that the problem does not recur in the future.

2.5.1.2 Managing Service Quality

Intuitively, it makes sense to suggest that improving service quality will increase customer satisfaction leading the higher sales and profits. Indeed, it has been shown that companies that are rated higher on service quality perform better in terms of market share growth and profitability. Yet for many companies high standards of service quality remains elusive due to the following four barriers to the matching of expected and perceived service levels. Misconception barriers, inadequate resource barriers, inadequate delivery barriers and exaggerated promises barriers.

2.5.1.3 Managing Service Productivity

Productivity is the measure of the relationship between an input and an output; if more people can be served (output) using the same number of staff (input), productivity per employee has risen. Clearly there can be conflict between improving service productivity (efficiency) and raising service quality (effectiveness).

Clearly a balance must be struck between productivity and service quality. At some point quality gains become so expensive that they are not worthwhile. However, there are ways of improving productivity without compromising quality. Technology, obtaining customer involvement in production of the service and balancing supply and demand are the three methods of achieving this.

2.5.1.4 Managing Service Staff

Many services involve a high degree of contact between service staff and customers. This is true for such service industries as health care, banking, Catering and education. The quality of the service experience is therefore heavily dependent on staff-customer

interpersonal relationship (movements of truth). Clearly the way in which service personnel treat their customers is fundamental to success in the service industry.

In order service employees to be the frame of mind to treat customers well, they need to feel that their company is treating them well. In companies where staff has a higher regard for the human resources policy, customers also have a positive opinion of the service they receive. It is very important to give emphasis in selection of suitable people, socialization, maintaining a motivated work force, service evaluation to manage service staff.

2.6 Measuring Service quality

There are two commonly used measures of service quality: SERVQUAL and SERVPERF. Let us see each service quality measure in detail here below.

2.6.1 Service Quality (SERVQUAL)

There is neither an accepted nor a best definition of service quality, although the most popular definition of service quality relates to meeting/exceeding expectations. To date, banks have tended to use more general instruments that measure service quality across a broad range of services, or scales contextually developed by a particular bank to cope with a specific problem. SERVQUAL is the most widely used and tested general measure of service quality. This instrument has been widely adopted by both managers and academics to evaluate SERVQUAL of customer perceptions of service quality for a variety of services. It measures service quality from the perspective of the consumer. It asks customers to compare their perceptions of the service process and outcome against what they expected to receive from the service encounter. There are five dimensions by which consumers evaluate service quality: reliability, tangibles, responsiveness, assurance and empathy. Reliability deals primarily with the outcome of service delivery, whilst the other four dimensions concern the process of service delivery. Notwithstanding its popularity and widespread application, the SERVQUAL approach has been the subject of numerous theoretical and operational criticisms, for an overview of many of the criticisms. For example, an application of SERVQUAL in retail banking found problems with its dimensionality and the usefulness of

expectation scores. To overcome these short comings another service quality measures based on performance instead of customer perception of service quality is emerged.

2.6.2 Performance Based Measures of Service Quality (SERVPERF)

The numerous criticisms on SERVQUAL have given rise to the introduction of new service quality measures. Even though the SERVQUAL model remains the cornerstone of a majority of all other works, however, researchers have incorporated other constructs and measures along with SERVQUAL dimensions in order to enrich and extend the explanatory power of this model. Cronin and Taylor (1992) developed a performance-based measure of service quality labeled SEVPERF following on from their beliefs that the conceptualization and operationalization of service quality (SERVQUAL) were inadequate. They argue that 'performance' rather than 'perception-expectation' determines service quality and provide substantial evidence to show expectations have little or no impact on the evaluation of consumers, particularly in relation to service quality.

2.7 Customers and Customer Services

Baral and Bihari (2009) explained about customers, as it is often, exhorted, the major task of a business is to create and sustain customer. A business exists only because of its customers. Monitoring the customer sensitivity is, therefore, a prerequisite for the business success.

Thomas and Scott (2003) defined customer service as "giving customers what they want or need, the way they want organization it, the first time". This usually depends on the speed and dependability with which an organization can deliver its products or its services. Actions and attitudes that meat excellent customer services include:

❖ Speed of filling and delivering normal order/ services.
❖ Willingness to meet emergency needs.
❖ Merchandise/ service delivered in good condition.

❖ Readiness to take back or correct defective goods/ services and supply quickly.

❖ Availability of installation and repair services and parts.

❖ Service charges (that is, whether services are free or priced separately.)

In all business services as well as manufacturing strategies that emphasize good customer service provide a critical competitive advantage. The organization is at a disadvantage if it depends too heavily on powerful customers. Customers are powerful if they make large purchases or if they can easily find alternative places to buy. If you are the largest customer of a firm, and there are other firms from which you can buy, you have power over that firm, and you are likely to be able to negotiate with it successfully. Your firm's biggest customers-especially if they can buy from other sources –will have the greatest negotiating power over you.

Customer service is responding to customer needs and expectations in a way that will make them have a memorable experience and motivate them to come back and to tell pothers. In this, competitive world, business organizations must understand the importance of customer as its future or growth is concerned. It must understand that its existence lies in the hands of the customer and therefore the company should make many efforts at all costs to attract, maintain and capture customer's loyalty (Lawrence and Grace, 2012).

2.8 Quality Customer Service and Customer Satisfaction

Kotler (1999) in his book depicted that customer satisfaction is a person's feeling of pleaser or disappointment resulting from comparing a product/service perceived performance or outcome in relation to his or her expectations. As this definition makes clear, satisfaction is a function of perceived Performance and expectations. If the performance falls short of expectations, the customer is dissatisfied. If the performance matches the expectations, the customer is highly satisfied. If the performance exceeds expectations, the customer is highly satisfied or delighted. Many companies are aiming for high satisfaction because customers who are just satisfied still find it easy to switch

when a better offer comes along. Those who are highly satisfied are much less ready to switch. High satisfaction or delight creates an emotional affinity with the brand, not just rational preferences and this result with high customer loyalty.

2.8.1   Creating Customer Value and Satisfaction

As per the explanation of Jobber (2001), market oriented companies attempt to create customer value in order to attract and retain customers. Their aim is to deliver superior value to their target customers. In doing so, they implement the marketing concept by meeting and exceeding customer needs better than the competitors. Customer value is dependent on how the customer perceives the benefit of an offering and the sacrifice that is associated with its purchase.
Therefore, Jobber pointed that:

Customer value = Perceived benefits – Perceived sacrifice
Perceived benefits (product benefits, Service benefits, relational benefits and image benefits) can be derived from the product/ the associated service (for example, how quickly customers are served and cleanliness of the outlet) and the image of a company (for example, the image of a company/product/ service favorable).

A further source of perceived benefits is the relationship between customer and supplier/ service providers. Customer may enjoy working with suppliers/ service provider with whom they have developed close relationships. They may have developed close personal and professional friendship and value the convenience of working with trusted partners.

Perceived sacrifice (monetary costs, time costs, energy costs and psychological costs) is the total costs associated with buying the product/service. This consists of not just monetary cost but the time and energy involved in purchase/ gets service. For example, good location can reduce the time and energy required to find a suitable product or service. But marketers need to be aware of another critical sacrifice in some buying situations. This is the potential psychological cost of not making the right decision. Uncertainty means that people perceive risks when purchasing services. Company

attempts to reduce perceived risk by standardizing its complete offers so that customers can be confident of what they will receive before entering its outlets. In organizational markets, companies offer guarantees to reduce the risk of purchase of services.

2.9 Empirical Studies

2.9.1 Factors Affecting Customer Satisfaction

Dawar (2013) had conducted a research to determine factors affecting customer satisfaction in the present highly competitive banking industry in Panipat, Isranausing using factor analysis technique to identify significant and smaller numbers of factors. Respondents were asked for twenty-two observed variables such as Courtesy and friendliness of the staff, information provided to customers , knowledge of staff, willingness to answer customer's queries, equal treatment of all customers, reliability of services, availability of staff, adherence to time limits, quickness to redress of your complaints, promptness in correction of mistakes, timely intimation of charges, maintaining privacy and confidentiality, response to your telephone queries, talk to customer service representative, language and information, e-channels to improve the quality, online banking helps to manage transformation, is it easy to find all information from e-channels, information provided by e-channel is accurate, more formalities are required to get e-channels related to customer satisfaction. He further classifies the above variables in to manageable five factors that are the most indicating factors in affecting customer satisfaction. These are reliability, technology, empathy, commitment and privacy.

2.9.2 Customer Loyalty and Its Determinants in the Banking Sector

Filip and Anghel (2009) conducted a research in the Bucharest Academy of Economic Studies on customer loyalty and its determinants in the Romanian banking industry. The study considered a quantitative approach with a sample of 1010 respondents, and addressed that customer loyalty and its determinants in the banking service environment is one of the most important indicators used to evaluate the quality of services offered by an organization. Therefore, gaining customer loyalty becomes a key objective for banking organizations which decide to adopt a relationship marketing perspective, a loyal

customer may bring many benefits to the organization, contributing both to the improvement of the growth rate and to the increase of the safety degree or organizational stability, the level of loyalty stated by customers is supported not only by the level of Satisfaction, but also by factors like: bank's attitude towards its own customers, the level of customer trust toward the organization or its employees in ensuring the financial interests of clients, and also by the level of customer commitment.

Meanwhile, the researcher came with eight general customer reasons to switch service providers: pricing (high price, price increases, unfair pricing and deceptive pricing), inconvenience (location/hours, wait for services), core service failure, service encounter failure (uncaring, impolite, unresponsive and unknowledgeable personnel), response to service failure (negative response, no response or reluctant response), competition (found better service), ethical problems (cheat, hard sell, unsafe, conflict of interest) and involuntary switching (customer moved or provider closed). In addition, the study clearly showed us these categories are also relevant in a banking environment.

2.9.3 Efficiency, Profitability and Quality of Banking Services

As per the Wharton Financial Institutions Center, a multi-disciplinary research approach to problems and opportunities facing the financial services industry in its search for competitive excellence discussed that on issues related to managing risk at the firm level as well as ways to improve productivity and performance. The paper develops a general framework for combining strategic benchmarking with efficiency benchmarking of the services offered by bank branches. In particular, the service-profit chain is cast as a cascade of efficiency benchmarking models. Three models based on Data Envelopment Analysis (DEA) are developed in order to implement the framework in the practical setting of a bank's branches: an operational efficiency model, a quality efficiency model and a profitability efficiency model. The use of the models is illustrated using data for the branches of a commercial Bank. Empirical results indicate that superior insights can be obtained by analyzing operations, service quality, and profitability simultaneously than the information obtained from benchmarking studies of these three dimensions

separately. Some relations between operational efficiency and profitability and between operational efficiency and service quality were investigated. Commercial banks assaulted by the pressures of globalization, competition from non-banking financial institutions, and volatile market dynamics—are constantly seeking new ways to add value to their services. The question "What drives performance?" is at the top of the minds of managers and policy makers alike, as the first step in understanding superior performance and, hence, striving for it. Substantial research efforts have gone into addressing this question, starting from the strategic level and going down to operational details. The study—based on the opinions of heads of retail banking at all US commercial banks—established the linkage between marketing, operations, organizational structure, and human resource management in achieving excellence. These findings led to the formulation of the service management strategy encapsulated in the triad operational capabilities service quality-performance.

2.9.4 Management Commitment to Service Quality (MCSQ)

There was a joint research conducted by academicians Ashilla (2008) from School of Business and Management, American University of Sharjah, United Arab Emirates and Rodb and Carruthersb (2008) from School of Marketing and International Business, Victoria University of Wellington, New Zealand aimed to verify the existence of relationships among the effect of management commitment to service Quality (MCSQ) on frontline employees'(FLEs'), job attitudes, turnover intentions and service recovery performance. Their results suggest that MCSQ has a direct beneficial effect for both job satisfaction and organizational commitment but with the impact being significantly stronger on job satisfaction. The study results also suggest that training, employee rewards, supportive management, servant leadership and service technology jointly affect service recovery performance through the partial mediating roles of FLEs' job satisfaction and organizational commitment. However, these MCSQ variables exert a stronger influence on service recovery performance through job satisfaction relative to FLEs' organizational commitment. In addition, the MCSQ variables jointly affect FLE turnover intentions through the mediating role of FLEs' job satisfaction only. Although

job satisfaction has a significant influence on FLE turnover intentions, no such relationship is evident between organizational commitment and turnover intentions. Addressing service recovery performance is critical because correctly solving and addressing a customer's satisfaction can lead to higher loyalty than if the customer had been satisfied first time around. The services literature also acknowledges the retention of satisfied and committed FLEs as being critical to business success. Past research indicates that managerial practices in the form of MCSQ are a critical determinant of FLE behavior in the workplace.

2.9.5 Service Quality and Performance in Bank.

It is a widely held belief originating in the days of the PIMS (Project Impact of Market Strategies) study that quality is a key driver of profit performance. Scholars measured a positive effect of product quality on the return on investment for 57 corporations with 620 diverse business units. Today the focus has been on customer perceived quality, especially when dealing with service operations.

The Bank Administration Institute project proclaimed customer-perceived quality as the driver of retail banking in the 1990s. The service-profit chain of Heskett et al. (1994) clarifies the role of quality, and its inter-relationships with operational aspects of a service organization.

The arguments proceed as follows: *(i)* profit and growth are stimulated primarily by customer loyalty; *(ii)* loyalty is a direct result of customer satisfaction; *(iii)* satisfaction is largely influenced by the value of services provided to customers; *(v)* value is created by satisfied, loyal and productive employees; *(vi)* employee satisfaction results primarily from high-quality support services and policies that enable employees to deliver results to customers.

2.9.6 The Impact of Employee and Customer Satisfaction on Profitability

The empirical study made on a leading Chinese securities firm studied by (Yingzixu and Goedegebuure, 2005) to test the relationship between employee satisfaction, customer

satisfaction, and their joint impact on profitability. The findings indicate that employee satisfaction and customer satisfaction are positively correlated, and both of them have a positive impact on profitability.

2.10 Conceptual Frame Work
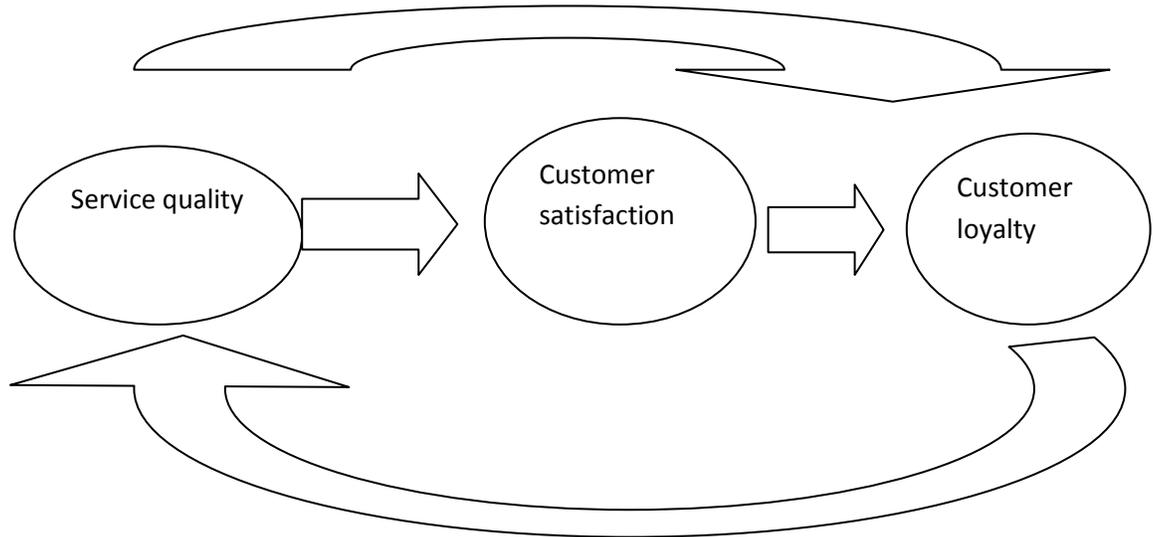
Figure2.1 Model of the study

Source : The business and management review, Vol. 3 NO. 2, January, 2013.

CHAPTER THREE

RESEARCH DESIGN AND METHODS

This part of the study clarifies about the methods that the researcher used in conducting this research. It covers the research design, population and sampling techniques, types of data and data collection tools and methods.

3.1 Research Design

This study would give attention and emphasis on the perceived service quality and customer satisfaction at NIB to assure the existence or absence of quality customer services in the bank. It was important to collect quality customer service related data to understand the problems and analyze them. In order to do such activities it was important to use different research designs like qualitative and quantitative research approach with factor analysis research design was employed.

3.2 Sample Size and Sampling Techniques

Nib International Bank has 71 active operational branches throughout the country 40 opened in Addis Ababa and 31 opened outside Addis Ababa as at June 30, 2013 (annual Report, 2013). Outlaying branches are opened and working in main and sub-cities of the regional states of the country. There are also three foreign currency exchanges bureaus all found and operate in Addis Ababa. Both probability and non-probability sampling techniques were used. The researcher selected 20 full-fledged branches of NIB found here in Addis Ababa using random sampling. The 20 branches were finally selected using convenient sampling. Convenient sampling was preferred because the researcher thought that data collection from employees and customers who were familiar was assumed advantageous and easy. Moreover, frequent travel and observation was confortable. A total of 100 samples were selected from the population of customers and employees found in Addis Ababa, based on the judgments of branch representatives from branches

employees, customers and Head office staff, two employees and two prominent regular customers in each sample branch and 20 top management level department and division managers of the bank.

As all customers got similar services and employees provided same services in all the bank's branches non probability sampling techniques were employed. Judgment sampling also helped the researcher to select most relevant and representative samples from the population; and quota samplings used in considerations of selected sample population in to various groupings like age, gender, position, educational level, branch location, concentration and distribution.

3.3 Sources of Data

Both primary and secondary data sources were used based on the relevancy and availability of research related information. All primary data sources were found from employees and customers of the bank. Secondary data sources reviewed from the Internal records and reports, policies and procedure manuals, annual reports and brushers of the company, reports of National Bank of Ethiopia, Newspapers, journals, articles, magazines, Internet, books and other relevant secondary data sources with regard the perceived service quality and customer satisfaction at NIB were reviewed in depth and thoroughly.

3.4 Data Gathering Tools

All quantitative and qualitative primary data had been gathered through various methods and tools like sample surveys, and observation studies had been conducted during actual service delivery, designing self-administered questionnaires using the five Liker scale for both the employees and customers based on the above theories and empirical research findings. Because of the possibility of flexibility in data gathering methods in depth interview had been conducted in support of questionnaires and this also helpful in generating new ideas otherwise could not had been obtained by means of structured questionnaires alone. Additional supporting data were collected using actual observations on time of service delivery at different branches in Addis Ababa to get real picture and

understanding. The researcher preferred such data gathering methods and tools because reliable, comprehensive, timely and relevant information on the bank's customer service delivery ability would be collected using these different data gathering methods to back up once weakness by the strength of the others.

3.5 Data Validity and Reliability

Jerome (1965) the author of statistical inference wrote about reliability as; Ether the standard error of the mean or the variance of sample means may be used as a measure of reliability of the sample means. The word reliability has different meanings. A punctual person may be said reliable. One who always meets his commitments is also said to be reliable. When used in connection with the sample means, however, the word reliability refers to the closeness of the sample means with the population mean. Since the mean of the all sample means is equal to the population, the sample mean cluster around the population mean. Data collected from respondents were recorded, coded and processed and data reliability was checked using statistical software called SPSS (Statistical Packages for social Science). The reliability coefficient or alphas for the different constructs were computed using the reliability procedure in SPSS. The reliability has tested using SPSS crombach alpha and found 0.982 which is reliable.

Yoseph (2012) Cited by Saunders (2003) on validity as Validity is concerned whether the findings are really about what they appear to be. They defined as, "the extent to which data collection method or methods accurately measure what they are intended to measure.

3.6 Ethical Issues

There might be few ethical considerations during the time of this research. There might be discrepancy in the responses collected from the clients and employees thereby making it difficult in the final analysis where the researcher might have to ignore some facts to come out with results which might not truly reflect the scenario. Any information

collected from the respondents through questionnaires, interview, and discussion with respondents during observation in the actual survey is treated with strict confidentiality.

CHAPETER FOUR

DATA PRESENTAION, ANALYSIS AND INTERPRETATION

This chapter presents all information collected using different research tools from customers and employees of NIB using structured questionnaires have been used to collect data. The researcher has used 5 points Liker scale to measure all of these variables. Service quality has been measured by using 22 items categorized under the main service quality dimension tangibility, reliability, responsiveness, assurance and empathy developed by (Zeithaml, Berry, and Parasuraman 1996).

Moreover the researcher has also added other additional service quality factors that are affecting customers' satisfaction considering the existing actual situations. Both customers and employees have been participating in feeling questionnaires. The data gathered using questionnaires were entered in SPSS to examine the reliability and validity of the data and also to assess customer satisfaction or dissatisfaction.

Interviews had been conducted to get support and feel the gap where the questionnaires didn't encompass. Finally findings are organized in tables, graphs, Pie charts and interpreted, summarized, conclusions are inferred and recommendations are pointed here under.

4.1 Demographic Information of the Respondents

Questionnaires were distributed to NIB S.C. customers' and employees' who were found in Addis Ababa. A total of 40 customers were participated in answering questionnaires but only 26 customers were filled and returned the questionnaires. From the attendant 20 (78%) were male and 6(22%) were femals.16 (62%) were in the age of 21-35, 9 (35%) were in the age range of 36-50 only 1(3%) was above the age of fifty years old.

The customers have been working in the bank for different years. Some 10(39%) customers working with the bank 1-5 years, some 8 (31%) 6-10 years, only 4 (15%) work

with the bank more than ten years; the other 4 (15%) customers did not mention their years of working with the bank.

Number of employees who were participating in responding the questionnaires were 60, only 52 employees were filled and returned the questionnaires, 38 (73%) were male and 14 (27%) were females. They were 39(75%), 12(23%) and 1(2% in the age group of 21-35, 36-50 and above 50 years old respectively. In their educational background 4 (8%) were with College diploma, 45 (87%) were with BA/BSC and 3 (28%) were with MA / MSC and above. These employees have different working experiences. 19 (37%) employees have working experiences in the banking 1-5, 18 (35%) 6-10 and 15 (28%) workers have more than 10 years experiences with the bank. Current positions of the respondents were; 24 (46%) were clericals 16 (31%) were supervisors, 9 (17%) were managers and the rest 3 (6%) were anonymous.
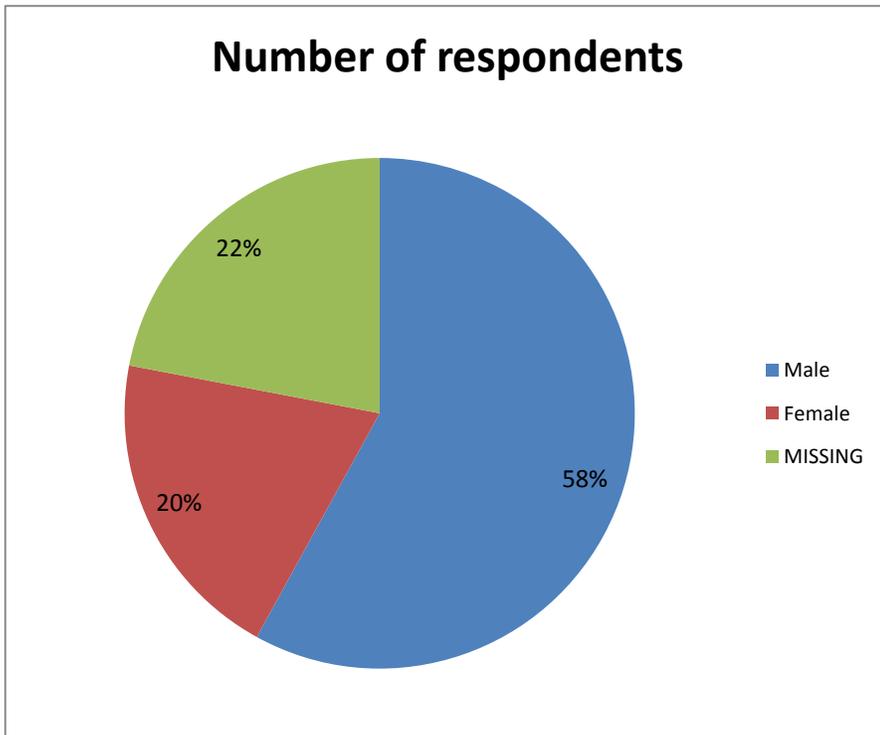
Figure 4.2: Number of respondents by sex and who did not give their response
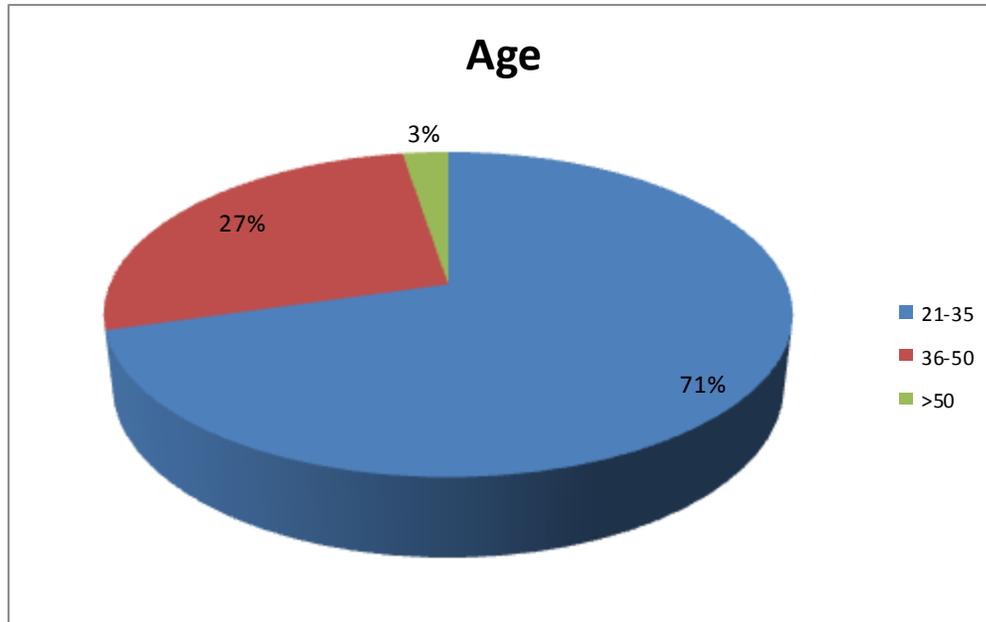
Figure 4.3: Respondents by Age group

4.2 Data Analysis

Two questionnaires one for bank's customers having 41 quality customer service related attributes and another for bank's employees with 37 service quality dimension issues were designed and distributed to both respondents found in Addis Ababa to collect research related data. The lists of quality service dimensions and related points rose on the questionnaires; the number of respondents; frequencies of their responses; means and frequency percentages are summarized in to two categories; the first customers' response summaries were analyzed based on the five service quality dimensions and the twenty two service dimensions attributes and the second part were the consolidated customers and employees responses summary on the similar question replayed by them. All frequencies, means and percentages under the number 99 (missing) in the tables are respondents who did not give their response with those particular issues. The researcher preferred to interpret the research findings expressed in percentage to avoid redundancies in interpreting the mean and frequencies which ultimately give the same results. Unless it

is very significant research results under missing will not be interpreted and addressed, because it is difficult to interpret as long as their intentions were not clear.

The first five tables summarize on the findings of quality customer service dimension attributes and customers responses and the second three tables summarized consolidated quality customer service factors asked similar questions both to customers and employees and their consolidated finding summary.

4.2.1 Customer Response Summary

The under mentioned tables; tables 4.1- 4.5 summarizes customers response frequencies and percentages of the twenty two service attributes listed and categorized under the five service quality dimensions; tangibility, reliability, responsiveness, assurance and empathy separately, where attributes were listed 1-22 continually under each service dimension and to show their applicability with regard NIB's service quality attributes, the sixth table; table 4.6 discussed and summarized on the impact level of the given quality customer service factors on customers and employees replayed response frequencies and percentages.

The seventh table; table 4.7 talked about quality customer service factors considering more on branch related issues, office supplies, office furniture and office equipment and management participation on service quality with consolidated customers and employees replied frequencies and frequency percentage.

The eighth table, tables 4.8 summarizes the frequency and frequency percentages of customers and employees responses on customer loyalty elements respectively.

Table 4.1: Service tangibility Dimensions
The numbers 1, 2, 3, 4, 5, and 99 in the table represents as: **Highly dissatisfied=1 Dissatisfied=2 Indifferent=3 Satisfied=4 Highly satisfied=5   99=Missing**

Service Dimensi	Service Quality attributes	Frequencies (Percentages) on service quality attributes and level of satisfaction						
		1	2	3	4	5	99	Rank
Tangibility	Modern-looking equipment	-	3(12%)	8(31%)	6(23%)	7(27%)	2(8%)	
	Appealing physical activities	-	3(12%)	9(35%)	7(27%)	7(27%)	-	
	Neat appearance of staff	1(4%)	1(4%)	8(31%)	7(26%)	8(31%)	1(4%)	
	Materials associated with the service are visually appealing	-	2(8%)	8(31%)	9(35%)	6(23%)	1(4%)	
	Mean of Frequencies	**0.25**	**2.25**	**8.25**	**7.25**	**7.00**	**1.00**	
	Percentage of frequencies	**1.00%**	**9.00%**	**32.00 %**	**27.50 %**	**26.75 %**	**4.00%**	**16.71 %**

Source: Own Survey, September 2014

4.2.1.1 Analysis on the Research Results of Service tangibility and its Attributes

Service tangibility is dependent on such factors as modern looking equipment, equipment for service must facilitate quality customer service delivery, and must be incognizant of the present services in its accuracy, reliability, timeliness's, attractiveness in looking, etc. Appealing physical activity, i.e. the working environment of the service area must be attractive to see and work. The neat appearance of service staff contributes its part for QCS delivery. Well-dressed staff attracts more customers and create pleasant environment to see and get service. Materials associated with the service must be visually attractive and arranged artistically to invite sight.

Tangibility is one service quality factor encompasses sub quality service attributes as modern looking equipment, appealing physical activities, neat appearance of staff and materials associated with the service are very important in delivering quality customer

service and their effect on performance of the bank were assessed and based on the average percentage 1% of the customers were highly dissatisfied. Only 4% of the respondents were highly dissatisfied on neat appearance of staff. 9% were dissatisfied, some of the respondents were dissatisfied on the bank's equipment and physical activities each (12%), on materials associated with the service are appealing (8%) and neatness of staff (4%). 32% were neither satisfied nor dissatisfied, i.e. 32% of the customers were indifferent to understand service tangibility of the bank. Which is very high and many of service recipients did not understand the service tangibility of the bank.

The rate of indifference was ranked as appealing physical activities (35%), followed by modern-looking equipment, neat appearance of staff and material associated with the service each (31%). As indicated from the above table only 26.75% were highly satisfied and 27.5% were satisfied on the bank's service tangibility attributes. On the tangibility attributes customers were highly satisfied first on neat appearance of staff (31%), second appealing physical activities and modern-looking equipment (26%) each and third materials associated with the service (23%). In sum 42% of the respondents did not show the favorability of service tangibility in the institute, which is a bit smaller than the sums of the satisfaction level of service tangibility aspects of quality customer services i.e. satisfied (27.5%) and highly satisfied (26.75%). Here in sum the satisfaction level was 55% which is a little higher than the average.

Based on this finding the researcher did not satisfy on the service tangibility dimension of service quality of the bank, where the satisfaction level of customers were 55% in which the percentage share of highly satisfied customers was 26.75% only. Customers who are only satisfied are customers ready to switch one's service with any reasons, which is not loyal. Highly satisfied customers are loyal customers which is only 26.75. From this the researcher concluded that the satisfaction level of customers is very low. Lower service satisfaction leads lower customer loyalty and lower performance.

Table 4.2: Service Reliability Dimensions
The numbers 1, 2, 3, 4, 5, and 99 in the table represents as: **Highly dissatisfied=1 Dissatisfied=2 Indifferent=3 Satisfied=4 Highly satisfied=5   99=Missing**

Service Dimensions	Service Quality Attributes	Frequencies (Percentages) on service quality attributes and level of satisfaction						
		1	2	3	4	5	99	Rank
Reliability	Staff keeping promise	1(4%)	2(8%)	10(38%	4(15%)	6(23%)	3(12%)	
	Sincere interest in solving customers' problems	-	1(4%)	4(15%)	12(46%)	9(35%)	-	
	Staff performing services right the first time.	-	1(4%)	9(35%)	7(26%)	7(26%)	2(8%)	
	Provide services at the time they promise to do so	1(4%)	-	6(23%)	9(35%)	9(35%)	1(4%)	
	Insist on error-free records	-	1(4%)	7(26%)	8(31%)	9(35%)	1(4%)	
	Mean Frequencies	**0.40**	**1.00**	**7.20**	**8.00**	**8.00**	**1.40**	
	Frequencies Percentage	**1.60%**	**4.00%**	**27.40%**	**30.60%**	**30.80%**	**5.60%**	**16.67%**

Source: Own Survey, September 2014

4.2.1.2 Analysis on the Research Results of Service Reliability and its Attributes

Service reliability is a quality customer service factor that is dependent on staff's commitment to do activities as promised. Mostly customers are promise dependent. If you perform activities as you promised customers assumed as they get dependable services unless you do not execute activities as promised customer will frustrate. Employees should understand their existence in the service area. The existence of employees in the service area is to assist and solve customers' problems. In all the time doing things right in the first time assures confidence and dependency of customers on

the service of the company. Which saves time and costs. Customer satisfied on error free records. This means customers discouraged when there are errors in transaction recording.

Such attributes were evaluated by the bank's customers and findings were recorded on table 4.2 above .The frequency percentage showed that 1.6% of the respondents were highly dissatisfied, 4% were dissatisfied, 27.4% were indifferent, 30.6% were satisfied, and 30.80% were highly satisfied on the reliability of the banks' service quality. Among the reliability of service quality attributes sincere interest in solving customers' problems got a higher mean percentage of 46% in satisfying customers of the bank. Sincere interest in solving customers' problems, provide services at the time they promise to do so and insist on error-free records create a highly satisfied customers each got a mean percentage of 35%. Staff performing services right the first time highly satisfied customers next and got an average percentage of 26%. Respondents were indifferent to staff keeping promise, staff performing services right at the first time, insist on error-free records and provide services at the time they promise to do so with a mean percentage value of 38%, 35%, 26% and 23% respectively.

The most important service reliability attributes like staff keeping promise meeting customers' needs (38%), staff performing services right the first time without any delay and rework effectively and efficiently (35%), maintaining error free records which could create trust and loyalty in customers (26%), and not providing services to customers as needed and promised by staff (23%) were not well understood by customers and were not addressed to know their contribution in the bank's service reliability.

Still the level of satisfaction of customers as highly satisfied and satisfied were equal with a frequency percentage of 30, the loyalty level of customer is only 30% these were dependent on the highly satisfied customers only; the rest 70% of the customers were not loyal customers and were customers easily to go to other similar banks to get reliable banking services including even the 30% satisfied one also. It is possible to conclude from this findings that the service reliability of the bank was below the average; as a result it is

impossible to create and maintain a satisfied loyal customers which are a main causes for better performance and organizational success.

Table 4.3: Service Responsiveness Dimensions

The numbers 1, 2, 3, 4, 5, and 99 in the table represents as: **Highly dissatisfied=1 Dissatisfied=2 Indifferent=3 Satisfied=4 Highly satisfied=5   99=Missing**

Service Dimensions	Service quality attributes	Frequencies (Percentages) on service quality attributes & level of satisfaction						
		1	2	3	4	5	99	Rank
Responsiveness	Staff telling customers exactly when services will be performed	-	3(12%)	4(15%)	9(35%)	9(35%)	1(4%)	
	Prompt service.	-	2(8%)	7(26%)	10(38%)	6(23%)	1(4%)	
	Staff willingness to help customers	-	3(12%)	6(23%)	6(23%)	10(38%)	1(4%)	
	Prompt response from staff	-	1(4%)	8(31%)	8(31%)	8(31%)	1(4%)	
	Means of Frequencies	**-**	**2.25**	**6.25**	**8.25**	**8.25**	**1.00**	
	Frequencies Percentage	**-**	**9.00%**	**23.50%**	**31.75%**	**25.40%**	**4.00%**	**18.73%**

Source: Own Survey, September 2014

4.2.1.3 Analysis on the Research Results of Service Responsiveness and its Attributes

Service is one of the quality customer service factors with the following service responsiveness attributes. Customers should be informed and know when service will be performed. The nature of the services varies from service to service. Some take relatively some times and others are performed at the spot. As much as possible you must provide services at the spot (prompt service). Staff must be willing to help customers. The main purpose of their existence is to help customers. Prompt response to customers query satisfies customer. Customers do not want future action; they need response at the spot**.**

Based on the research findings 31.75% of the respondents were satisfied with the bank's service, in average 25.40 % of the attendants were highly satisfied, 23.50% were indifference, and only 9% were dissatisfied. The survey result showed that customers would be highly satisfied when there is staff willingness to help customers (38%), staff telling customers exactly when services will be performed (35%), prompt response from staff to customers (31%), and prompt service delivery to customers (23%). Most customers of the bank satisfied when there are prompt service (38%), staff telling customers exactly when services will be performed (35%), when there are prompt response from staff (31%).

Here the bank's customer who were highly satisfied and remains loyal to the bank and the performance of the bank could be dependent only 25% of the total respondent customers. Even if we take satisfactions as a guarantee of loyalty and performance only 57% of the customers; a little higher than the average were met. The higher proportion of the respondents 75% of the customers were not loyal customer of the bank including 32% of customers who were satisfied where their loyalty were not ascertained. The researcher could infer from this that the service responsiveness of the bank is too weak; consequently its performance is also too weak.

Table 4.4: Service Assurance Dimensions

The numbers 1, 2, 3, 4, 5, and 99 in the table represents as: **Highly dissatisfied=1 Dissatisfied=2 Indifferent=3 Satisfied=4 Highly satisfied=5   99=Missing**

Service Dimension	Service Quality attributes	Frequencies (Percentages) on service quality attributes & level of satisfaction						
		1	2	3	4	5	99	Rank
Assurance	Behaviors of staff instill confidence in customers	-	4(15%)	4(15%)	8(31%)	9(35%)	1(4%)	
	Customers feel safe in their transactions.	-	2(8%)	6(23%)	11(42%)	7(27%)	-	
	Friendliness and courtesy of staff.	-	3(12%)	5(19%)	9(35%)	8(31%)	1(4%)	
	Staff having knowledge to answer questions	3(12%)	7(26%)	4(15%)	6(23%)	5(19%)	1(4%)	
	Means of Frequencies	**0.75**	**4.00**	**4.75**	**8.50**	**7.25**	**0.75**	
	Frequencies Percentage	**3.00%**	**18.00%**	**18.00%**	**32.75%**	**27.75%**	**3.00%**	**19.50%**

Source: Own Survey, September 2014

4.2.1.4 Analysis on   the research results of service assurance and its attributes

Customers' satisfaction is affected on the service assurance attributes like behavior of staff that can be trusted and believed by customers to relay confidence on them. Customers need their safety on their confidential maters of their transactions. Friendliness and courtesy of staff to customers are got high weight. This is because customer and staff relations are so frequent and regular that need close relations, understanding and communication to amicably solve any problems and it is natural that human beings need to get personal attention. Customers need to address their problems in all the time. This need staff having multi- dimensional knowledge to address their queries on average 3%,

18%, 18%, 32.75%, 27.75% of the respondent were highly dissatisfied, dissatisfied, indifference, satisfied and highly satisfied on the bank's service assurance respectively.

From the given service assurance attributes respondents were highly satisfied first on behavior of staff instill confidence in customers (35%), next friendliness and courtesy of staff to customers (31%), third customer feel safe in their transactions (27%), and fourth staff having knowledge to answer customers questions (19%).Respondents were satisfied on service assurance attributes customer feel safe in their transactions (42%), friendliness and courtesy of staff (35%), behaviors of staff instill confidence in customers and staff having knowledge to answer customer questions were 31% and 23% in average percentage, respectively.

What made customer dissatisfied on service assurance from the highest to the lowest were staff having knowledge to answer customers questions (26%), behaviors of staff instill confidence in customers (15%), friendliness and courtesy of staff (12%) and customers feel safe in their transactions (8%). The finding here is also similar to other results. You have seen from the above table 4 that the service assurance of the bank only highly satisfied only some respondents (28%), 33% of the respondents were only satisfied, the rest 18% were dissatisfied and the same 18% were neither satisfied nor dissatisfied. Here the loyalty of customers and ascertain better performance depends only the highly satisfied respondents; i.e. 28%. Even the satisfaction level of the respondents were 61% which is relatively better from the previous results; the researcher still can conclude that the service assurance of the bank is also not satisfactory to assure the service quality of the bank.

Table 4.5: Service Empathy Dimensions.
The numbers 1, 2, 3, 4, 5, and 99 in the table represents as: **Highly dissatisfied=1 Dissatisfied=2 Indifferent=3 Satisfied=4 Highly satisfied=5   99=Missing**

Service Dimensions	Service Quality Attributes	Frequencies (Percentages) on service quality attributes & level of satisfaction						
		1	**2**	**3**	**4**	**5**	**99**	**Rank**
Empathy	Individual attention given to customers by staff	-	4(15%)	8(31%)	7(26%)	6(23%)	1(5%)	
	Convenient operating hours	2(8%)	6(22%)	4(15%)	6(23%)	6(23%)	2(8%)	
	Employees give Personal attention to customers	1(4%)	5(19%)	4(15%)	10(38%)	4(15%)	2(8%)	
	Staff giving customers best interest at heart	-	5(19%)	6(23%)	8(31%)	5(19%)	2(8%)	
	Understanding the specific needs of customers.	-	6(23%)	3(12%)	7(26%)	7(26%)	3(12%)	
	Means of Frequencies	**0.60**	**5.20**	**5.00**	**7.60**	**5.60**	**2.00**	
	Frequencies Percentage	**1.60%**	**19.60%**	**19.20%**	**29.80%**	**21.20%**	**7.40%**	**16.47%**

Source: Own Survey, September 2014

4.2.1.5 Analysis on the Results of Service Empathy and its Attributes

Quality customer service factors; i.e. service empathy will be realized when there are service empathy attributes as when customer want to get individual attention by the staff, customers need to have convenient operating hours that maximize their interest, customs

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need to get personal attention by staff, customers need a staff who can fulfill their best interest at heart and a staff who understand the specific needs of customers. The existence of the service empathy attributes meet customer satisfaction and their absences are the cause for customer dissatisfaction.

Customers of NIB S.C. were asked to assure the existence or absence of service empathy in the bank. To classify customers view on service empathy we were classified the five service empathy attributes in to five categories, highly dissatisfied, dissatisfied, indifference, satisfied and highly satisfied. Each category has respectively got mean cumulative percentages of 1.60%, 19.60%, 19.20%, 29.80%, and 21.20%.

Customers highly satisfied on the bank's service empathy as follows; Understanding the specific needs of customers (26%), individual attention given to customer by staff and convenient operating hours individually has got average percentage of 23% and staff giving customers best interest in heart (19%). Even though the average satisfaction level of the service empathy of the bank as per the respondent was classified as high with an average percentage of 21% it is very low and closest to satisfaction than to highly satisfaction.

When each service empathy attribute individually observed all were below the average. It is also true in all the service dimensions discussed from the above tables. Even if customers satisfaction level as per the respondents were categorized as highly satisfied; their degrees of percentage were not high enough than satisfied in all the service dimensions. Then only satisfied customers are not loyal customers that could bring change in performance.

The dissatisfaction of the attendants on service empathy attributes were 19.60% in average; in separate understanding the specific needs of customers (23%), convenient operating hours (22%, employees give personal attention to customers and staff giving customers best interest at heart each 19% and individual attention given by staff to customers was 15%.The researcher can conclude from all the above mentioned facts and the lower the amount of percentage for each individual service empathy attributes that highly satisfied and satisfied customers need were not satisfied.

In ranking the quality of services dimensions NIB S.C.'s Customers first prefer service assurance having service attributes; behaviors of staff instill confidence in customers, customers feel safe in their transactions, friendliness and courtesy of staff, staff having knowledge to answer questions, ranked first (19.5%), next service responsiveness with its service attributes; Staff telling customers' exactly when services will be performed, prompt service, staff willingness to help customers, prompt response from staff to customers (18.73%), third service tangibility (16.71%), fourth service reliability (16.67%) and finally service empathy which was 16.47%.

In general from the over- all quality customer service dimension attributes first the respondents were highly satisfied/delighted on the bank's staff willingness to help customers 38%, second sincere interest in solving customers' problem, provide services at the time they promise to do so, insist on error-free records, staff telling customers exactly when services will be performed, behaviors of staff instill confidence in customers each average frequency percentage of 35%, third neat friendliness and courtesy of staff, appearance of staff and prompt response from staff each (31%). As shown here above the amount of percentages of each service dimensions attributes that satisfied customer high were small and the level of satisfaction was not actually high but slightly high which was not more than satisfied.

Respondents were satisfied on the overall service attributes; customer feel safe in their transactions (42%), prompt service and staff willingness to help customers (38%), materials associated to the service are usually appealing, provide services at the time they promise, staff telling customers exactly when services will be provided, friendliness and courtesy of staff (35%). Here the satisfaction percentage for each service dimension attributes were lower than the average and which is almost equal to dissatisfaction.

Respondents were dissatisfied on such service quality attributes as staff having knowledge to answer questions (26%), understanding the specific needs of customers (23%), convenient operation hours (22%), staff giving customers best interest at heart, employees give personal attention to customers (19%), behavior of staff instill confidence in customers, individual

attention given to customer by staff (15%), modern looking equipment, appealing physical activities, staff telling customers exactly when services will be performed, staff willingness to help customers, friendliness and courtesy of staff each (12%).

Respondents were highly dissatisfied on quality service factors as staff having knowledge to answer questions (12%), convenient operating hours (8%), neat appearance of staff, staff keeping promise (4%) each. As figured out above both the dissatisfaction percentages of the service dimensions attributes were not high enough to tell the level of dissatisfaction, which means they were closest to low satisfaction, yet low satisfaction and satisfaction alone without high satisfaction and loyalty could not assure better performance and achievement.

Table 4.6: Consolidated customers and employees response on the impact Level Assessment on Quality Customer Services Factors.
The numbers 1, 2, 3, 4, 5 and 99 represents in the table as: **Very low=1   Low=2   No impact=3   High=4   Very high=5   99=Missing**

No.	Service quality Factors	Service quality factors their frequencies (frequency percentage)					
		1	**2**	**3**	**4**	**5**	**99**
1	Financial and none financial incentives to employees	8(23%)	11(25%)	11(23%)	29(74%)	14(43%)	5(14%)
2	Customer service training to employees	4(12%)	12(30%)	13(33%)	28(67%)	19(52%)	2(8%)
3	Employees motivation and commitment	7(16%)	13(34%)	11(25%)	28(74%)	16(42%)	3(10%)
4	Availability of resources (manpower, material, financial,	2(4%)	14(34%)	17(46%)	29(64%)	14(34%)	2(8%)

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	information, etc.)						
5	Technology and infrastructure	9(29%)	23(29%)	22(26%)	19(39%)	12(30%)	13(48%)
6	The increase in the service recipients need on quality customer service	1(2%)	9(24%)	12(23%)	25(52%)	16(29%)	15(56%)
7	The working environment of the organization	5(12%)	4(10%)	15(33%)	12(49%	16(40%	16(58%)
8	Management attitude towards quality customer service	2(6%)	12(27%)	11(31%)	19(41%)	22(52%)	12(44%)
9	Policy and procedures of the bank on quality customer service	-	9(19%)	12(27%)	27(52%)	15(47%)	15(56%)
10	The external environment (political, economic, social, technological, legal etc.)	-1(2%)	12(27%)	12(27%)	20(45%)	19(50%)	14(50%)

Source: Own Survey, September 2014

4.3 Analysis and Interpretation of the impact of Service Quality Factors

Customers who were getting the banks service thought that the impact level of the under mentioned quality service factor were very high; customer service training to employees and Management attitude towards quality customer service (52%), the external environment (political, economic, social, technological, legal etc.) (50%), policy and

procedures of the bank on quality customer service (47%), financial and none financial incentives to employees 43%) and employees motivation and commitment (42%). Policies are guidelines to do or not to do an activities; clear policies facilitate quality customer service and performance and if policy is vague it will affect quality customer service delivery and procedures are steps how to do something clearly avoiding any ambiguity; financial and none financial incentives to employees , their presence motivate employees to perform their regular activities as scheduled even some times more than the plan, they will be encouraged to do extra time and above their scope; well-motivated employees are an engine to the organization to move it a step forward; increases their involvement in all the banks affairs, increase their moral and participation in decision making on any QCS matters and they will be committed to implement them as planned and their absence leads to low QCS delivery and performance.

Customer service training to employees; it is a tool that sharpen employees to deliver willful, reliable and skillful QCS, untrained employees did not well understand their existence in the organization and difficult to meet the objectives of the organization, anyone can be discouraged when he thinks that he did not serve customers professionally; training is a long term investment that bring return in the long run; their absence affect the bank negatively.

The external environment (political, economic, social, technological, legal etc.), the external competitive environment has greater impact on quality customer services, the political situation of a country can affect QCS positively or negatively, if a country is economically developed it is true that it's QCS delivery also developed; social development also affect QCS either positively or negatively. If the development of society is progressive their service delivery will also be progressive because service delivery is highly dependent on the civilization and development of society; so, must be well understood and managed; the working environment of organization and management attitude towards quality customer service ; conducive working environment that motivate employees to deliver proper customer service and help customers to get prompt and reliable services, their absence adversely affects on QCS.

Resources are key inputs for QCS and better performances, inadequate resources being material, human, financial, information etc. Hinder QCS delivery one cause for lower performance; and technology ease and highly facilitates service delivery , automating branch network through management information systems make all branches accessible through branch network; which make one branch customer to be customer of all bank branches which help the customer to get service at any branch without limiting him to his home branch   their absence hinder QCS and performance.

Respondents expected that the bank's quality customer service factors; financial and none financial incentives to employees and employees motivation and commitment (74%), customer service training to employees (67%), availability of resources (manpower, material, financial, information, etc.) (64%), the increase in the service recipients need on quality customer service and policy and procedures of the bank on quality customer service (52%), their impact on quality customer service were considered high.

Some respondents believed the impact of quality customer service factors; Availability of resources (manpower, material, financial, information, etc.) (46%), Customer service training to employees, the working environment of the organization (33%) and Management attitude towards quality customer service (31%) had been considered as no impact at all. Here we want to give stress on very high missing results particularly; The working environment of the organization (58%), The increase in the service recipients need on quality customer service and Policy and procedures of the bank on quality customer service (56%), The external environment (political, economic, social, technological, legal etc.) (50%) and Technology and infrastructure (48%) were believed that there were ambiguity and misunderstandings between the concepts of the question and their response.

As indicated from table 6 the impact level of quality customer service factors   like Customer service training to employees (119%),financial and non-financial incentives to employees (117%), employees motivation and commitment (116%), Policy and

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procedures of the bank on quality customer service (99%),availability of resources (98%), the external environment (political, economic, social, technological, legal etc.) (95%) and Management attitude towards quality customer service (93%) were equal to and more than the averages. These results were the sums of the results under high and very high; these results were big and their influence on quality customer service factors were great; the researcher can conclude that; these quality service factors are factors that have higher influence on quality customer service delivery.

Table 4.7: Consolidated customers and employees response on service quality rating
The numbers 1, 2, 3, 4, 5 and 99 represents in the table as: **Very dissatisfied=1 dissatisfied=2 Neutral=3 Satisfied=4 Very satisfied=5 99=Missing**

No	Service quality items	Service quality related item frequencies (frequency percentage)					
		1	**2**	**3**	**4**	**5**	**99**
1	Neatness and attractiveness of branch offices both internal and external	2(4%)	16(40%)	28(42%)	29(74%)	11(33%)	7(18%)
2	Internal office arrangements and adequate spaces (cages, counter, back office and lobby) arrangement for service	2(6%)	18(46%)	14(31%)	32(77%)	11(37%)	1(4%)
3	Availability of office facilities, furniture and equipment for service	1(2%)	14(33%)	18(46%)	32(82%)	12(33%)	1(4%)
4	Branch accessibility through branch networking	4(10%)	10(21%)	14(36%)	21(73%)	17(54%)	2(6%)
5	Proper functioning of all note counting machines in branches	5(14%)	15(31%)	21(54%)	24(62%)	10(31%)	3(10%)

6	Management participation and follow up on quality customer service	3(8%)	14(33%)	26(70%)	24(62%)	10(26%)	1(4%)

Source: Own Survey, September 2014

Neatness and attractiveness of branch office contributing it part on QCS; they please customers' sight and invite them to come again and again to get the service of the company more frequently. Neat and attractive work environment give the first impression to customers what type of service will follow. The internal office arrangement and adequate spacing helps in creating attractive work environment and facilitate QCS delivery by producing enough space to move and do once job properly and sequentially, to arrange office equipment and facilities better, to do once job on time and in a good condition etc.; this pleased both the internal and external customers and facilitate customer service delivery. Branch accessibility through branch networking simplifies service delivery accessing all branches of a bank through technology support network; this minimizes transportation and other invisible related costs, save time and energy, widen customer base. Availability adequate of office furniture, equipment, and facilities and their proper functioning enables the bank to deliver suitable customer service and satisfy both the service recipient and provider too. The most important and very decisive factors that can able to integrate all the above quality customer service factors is management participation and follow up on quality customer services. This is a quality customer service factor with the dynamic human involvement that matter all other factors. It is the human part that can bring dynamic and a continuous change. Here the management and head of the organization with the ability to plan in the uncertain future, implement its plan and closely follow up their proper implementation and get feedback for corrective action. The participation of management in QCS delivery is mandatory and a must; because; unless they are not committed and take the initiative as a role model the rest of the subordinates loss their motivation and moral to deliver quality customer service.

Customers and employees highly satisfied on the bank's branch accessibility through branch networking (54%), internal office arrangement and adequate spaces (37%), neatness and attractiveness of branch office both internal and external and availability of office facilities, furniture and equipment for service (33%).

Note that though these service quality factors classified as highly satisfied, almost all were below the average the highest was 54% and the lowest was 33%, these were not higher than satisfaction as you see their percentage amount which were small.

Respondents were satisfied on availability of office facilities, furniture and equipment for service (82%), internal office arrangements and adequate spaces (77%), neatness and attractiveness of branch offices (74%), Branch accessibility through branch networking (73%), proper functioning of all note counting machines to deliver cash counting services, and management participation and follow up on quality customer service (62%).

A small number of respondents were dissatisfied on quality customer service items specially on internal office arrangements and adequacy of the spaces (46%), some doubt the neatness and attractiveness of branch offices (40%), 33% of the respondents were not satisfied on availability of office facilities, furniture and equipment and the same percentage dissatisfied on managements participation and follow up on quality customer service.

In rating service quality items by customers it is concluded that service quality factors ranked first the bank's branch accessibility through branch networking (54%), second internal office arrangement and adequate spaces (37%), third neatness and attractiveness of branch office both internal and external and availability of office facilities, furniture and equipment (33%) etc.

Note that though these service quality factors classified as highly satisfied, almost all were below the average the highest was 54% and the lowest was 26%, these were not

higher than satisfaction as you see their percentage amount 54%, 37%, 33%, and 31% which were small.

It is possible to conclude from the findings that customers of NIB S.C. satisfied on availability of office facilities, furniture, and equipment for service (82%), internal office arrangements and adequate spaces (77%), neatness and attractiveness of branch offices furniture and equipment (74%); branch accessibility through network (73%), Proper functioning of all note counting machines in branches and management participation and follow up on QCS (62%).

Table 4.8: Consolidated customer and employees responses on factors that Affect Customer Loyalty
The numbers 1, 2, 3, 4, 5 and 99 represents in the table as: **Strongly disagree=1; Disagree=2 Neutral=3;   Agree= 4 strongly Agree = 5 ; 99=Missing**

No	Service quality factors	Customer loyalty factors frequencies(percentage)					
		1	2	3	4	5	99
1	High level of customer satisfaction	1(2%)	11(25%)	22(62%)	28(74%)	15(33%)	2(6%)
2	High level of Service quality	2(4%)	16(38%)	20(54%)	25(69%)	13(29%)	2(6%)
3	Customer feelings of trust and affective commitment toward the bank	1(2%)	9(27%)	17(46%)	28(72%)	21(48%)	2(6%)
4	The positive image of the company	3(6%)	10(27%)	16(49%)	36(87%)	11(28%)	2(6%)
5	The relational benefits perceived by the customer	2(4%)	5(17%)	23(58%)	30(65%)	16(52%)	2(4%)

Source: Own Survey, September 2014

Usually the higher the level of customers' satisfaction the higher will be the loyalty of customers to the bank where they are the cause for performance and achievement. The satisfaction level of customers is very important to the bank. Satisfying customers only did not assure loyalty of customers and achieve better performance. Only satisfy

customers are customers ready to change the bank's service with no good reasons. These are customers which are not relay up on them. To make them highly reliable and long run dependable customers the level of satisfaction should reach higher to the limit highly satisfied customers. The satisfaction level of customers can reach very high when the bank meets all quality customer service factors in favor of customer interest that will reward the bank positively affecting its performance.

The level of service quality must also reach high, because the higher customer satisfaction and loyalty is a direct results of high quality customer services. Only quality customer service could create satisfied customers. Both high level of customer satisfaction and high level of quality customer services are greatly related with the quality service dimensions and attributes. The bank can meet them giving high attention and closely following the service dimensions and their attributes in designing a tool that check and assure the existence of high quality customer service and high customer satisfaction and loyalty in all the time.

In addition to these customer trust and affective commitment towards the bank is another customer loyalty factor that directly or indirectly affects customers' satisfaction and loyalty. To make customers loyal it is a must to meet the needs and demands of customers higher. Higher customer satisfaction is possible only when high quality customer service delivery is assured which has a direct impact on customer trust and affective commitment towards the bank; it is true that a customers who are highly satisfied by the banks services will trust and develop affective commitment towards to the bank to remain working with the bank as long as these relationship exists.

Furthermore the positive image of the company can be a cause for customer loyalty. In most cases positive image of a service giving company emanates from its quality customer services. Therefore, a company should cautious for its quality customer service delivery ability to build positive company image which is a cause for customer satisfaction and loyalty. More over the relational benefit perceived by the customer is another customer loyalty factor. The relationship between the bank and customer will be very good when there are very good relationship in quality customer service delivery and reception. If

quality customer service delivery of the bank is sound and reliable customers need to form relationship with the bank in order to maximize their relational benefits with the bank.

Basing with the above points attendants who were participated in the research and answering questionnaires were strongly agree on customer loyalty factors from the higher to the lower as follow; the relational benefit perceived by the customer (52%), customers feelings of trust and affective commitment toward to the bank (48%), higher level of customer satisfaction (33%), higher level of service satisfaction (29%) and the positive image of the company (28%).

4.4 Employees Research Results Summary (Questions only for employees and their response)

Questionnaires were designed and distributed to NIB employees, to collect data and assess on the perceived quality customer service and customer satisfaction at NIB. Most quality customer service related attributes were selected by the researcher considering the actual relations of these factors with quality customer service in the Ethiopian banking conditions in general and NIB in particular. These quality customer service factors are related with the 22 service attributes mentioned by parasuraman et.al (1988) under the five service quality dimensions i.e. tangibility, reliability, responsiveness, assurance and empathy. The average frequencies and frequency percentages of only questions asked to employees and their response indicated and interpreted here under.

Table 4.9: Rating the service quality related facilities**.**

Tables 4.10: Indicated various quality customer service related factors respectively.

Table 4.9: Rating the Service Quality Related Facilities

The numbers 1, 2, 3, 4, 5 and 99 represents in the table as: **Very dissatisfied=1 Dissatisfied=2 Indifferent=3 Satisfied=4 Very satisfied=5 99= Missing**

No	Service Quality factors	Service Quality Related Item Frequencies(frequencies percentage & levels of satisfaction					
		1	**2**	**3**	**4**	**5**	**99**
1	Supplies of quality materials and supplies for regular use	1(2%)	10(19%)	17(33%)	18(35%)	5(10%)	1(1%)
2	Prompt maintenance of office equipment on demand	4(8%)	17(33%)	12(23%)	15(29%)	4(8%)	-
3	Timely exchange of transactions between branches and concerned H.O work unit	2(4%)	7(14%)	15(29%)	24(46%)	4(8%)	-
4	Getting guidelines and operational support from various H.O organ	2(4%)	14(27%)	13(25%)	17(33%)	6(12%)	-
5	Two way communication between branches and H.O	3(6%)	10(19%)	16(31%)	18(35%)	3(6%)	2(4%)
6	Ideal branch location and distribution of branches	4(8%)	18(35%)	13(25%)	14(27%)	2(4%)	1(2%)

Source: Own Survey; September 2014

Bank's service quality related points as supplies of quality materials, Prompt maintenance of office equipment on demand, Timely exchange of transactions between branches and concerned H.O work unit, Getting guidelines and operational support from various H.O organ, Two way communication between branches and H.O, and Ideal branch location and distribution of branches were assessed to understand their positive or negative contribution towards quality customer services. When such quality related points were individually mentioned as follows.

Availability and utilization of quality materials and supplies for regular use reduce rework, minimize cost, save resources, and enable to produce quality output. In general doing things at one go satisfy customer and save their time and cost by improving service

quality. Office machineries and equipment are very important in service delivery. Quality customer services can be directly affected by the quality of office machinery and equipment and their proper functioning for the intended purpose. When there is some problem; there must be prompt maintenance and/or replacement in order to continue providing service to customers without fail.

One factor to customer satisfaction among many more is taking proper actions for their various transactions as per their expectation. Some customer transactions are exchanged with different commercial banks through H.O. Timely exchange of transactions between branches and H.O. means answering customers request meeting their need. Customers whose need is met, they will be satisfied and become loyal forming very good business relationship. Branches are a place where customers and employees meet for transact service. Most service guidelines and other assistance are originated from higher H.O. work units.

Getting guidance and operational support from H.O. organ will enable employees to provide uniform and standard quality customer services in all the time. Communication is an exchange of ideas between parties. It eases problems by facilitating understanding between parties. It can be horizontal, diagonal or vertical. Whatever the type of communication; two way communication between H.O. and branches in all the bank's mater is necessary. Exchanges of bank transaction mostly are taken place at branches. Availability and dispersion of branches in all the cities, towns and even in villages and their ideal location facilitate the exchange of transactions and open room for quality customer service delivery and increase market share and performance.

Table 4.9 summarized the respondents stand and each is pointed below. Some points like getting guidelines and operational support from various H.O organ (12%), supplies of quality materials for regular use (10%), prompt maintenance of office equipment and timely exchange of transactions between branches and H.O work units each (8%) were relatively satisfied customers very high; yet two way communication (6%) and branch location (4%) were satisfied customers very low.

Employees were dissatisfied on quality customer service items on ideal branch location (35%), prompt maintenance of office equipment (31%), supplies of quality materials for regular use and two way communications between branches and H.O (19%).

The researcher can conclude from the finding that the service related facilities that satisfied (the sums of satisfied and highly satisfied) employees above the mean percentage as per their replay were timely exchange of transaction between branches and H.O work unit (54%); meanwhile employees were dissatisfied on the bank's branch location (43%), prompt maintenance of office equipment on demand (41%), two way communication between branches and H.O. (25%).

Table 4.10: Rating Miscellaneous Service Quality Related Items

The numbers 1, 2, 3, 4, 5 and 99 represents in the table as: **Very dissatisfactory=1 Dissatisfactory=2 Indifferent=3 Satisfactory =4 Highly satisfactory = 5 99=missing**

No	Service quality related items	Service Quality Related Item frequencies (frequencies Percentage) & level of customer satisfaction					
		1	**2**	**3**	**4**	**5**	**99**
1	Internal organization of work units (foreign, credit, domestic banking, cash)	1(2%)	7(14%)	11(21%)	27(52%)	5(10%)	1(2%)
2	Team spirit and team works of branch staff	2(2%)	5(10%)	9(17%)	26(50%)	10(19%)	-
3	Staff initiation to accomplish their specific duty	1(2%)	7(14%)	16(31%)	21(40%)	7(14%)	-
4	Prompt responses of H.O to office supplies, office equipment and office furniture	3(6%)	15(29%)	12(3%)	16(31%)	5(10%)	1(2%)
5	Loan delivery time in branches and H.O credit units.	4(8%)	15(29%)	18(35%)	13(26%)	1(2%)	1(2%)
6	Foreign currency approval procedure and time	4(8%)	13(25%)	12(23%)	18(35%)	3(6%)	2(4%)
7	Manpower assignment speed and accuracy when demanded.	3(6%)	22(42%)	12(23%)	14(27%)	-	1(2%)
8	Employee selection and recruitment	7(14%)	13(25%)	18(35%)	13(25%)	1(2%)	-

9	Accuracy and timeliness of transaction claims exchange	1(2%)	6(12%)	22(42%)	19(37%)	3(6%)	1(2%)
10	Customer complaint handling and management system of NIB	3(6%)	12(23%)	18(35%	15(29%)	4(8%)	-

Source: Own Survey; September 2014

Other service quality related items that have influence on quality customer services such as internal organizations of work units, team spirit and team work of bank staff, staff initiation to accomplish their specific duty, H.O. reaction on resources, service delivery time in branches and H.O., accuracy and timeliness of exchange of claims with other banks through H.O. and customer compliant handling and management of the bank directly affects on quality customer service delivery of the bank.

All pointe indicated above were asked to employees of NIB with other quality customer service related items. They have pointed their feelings and data were summarized on table 4.10 The results found are addressed as; the level of satisfaction of employees (highly satisfied) is below 20% and satisfied includes internal organization of work unit (52%), team sprite and team works of branch staff (50%), staff initiation to accomplish their specific duty (40%), accuracy and timeliness of transaction claims exchange (37%), foreign currency approval procedure and time (35%), prompt response of H.O to office supplies, office equipment and office furniture (31%), customer compliant handling and management systems of NIB S.C. (29%), loan delivery time in branches and H.O credit units and employee selection and recruitment (25%).

Furthermore manpower assignment speed and accuracy on demand (42%), prompt response of H.O to office supplies, office equipment and furniture, loan delivery time in branches and H.O credit unit (29%), foreign currency approval procedure and time and employees selection and recruitment (25%), customer complaint handling and management systems of NIB (23%), internal organization of work units and staff initiation to accomplish their specific duty (14%), accuracy and timeliness of transaction claims exchange and team spirit and team works of branch staff 12% and 10% respectively were dissatisfactory. Quality customer service factors employees' selection

and recruitment (14%), loan delivery time, foreign currency approval procedure and time (8%), prompt response of H.O to office facilities, manpower assignment speed and accuracy on demand and customer complaint handling and management systems of NIB S.C. (6%) were found very dissatisfactory.

In conclusion the higher the satisfaction level of employees on the above quality customer service items were below 20%, only internal organization of work units (52%), team spirit and team works of branch staff (50%) satisfied customers others manpower assignment speed and accuracy (48%),employees recruitment and selection accuracy (39%), loan deliver time (37%), and H.O. response to office supplies, office equipment and office furniture on request (35%), and foreign currency approval procedure and timing (33%) of the bank were dissatisfactory.

4.5 Interview Results

The researcher had conducted interviews both for the customers and employees on the perceived quality customer services and customer satisfaction at the bank. Pointes raised both to the customers and employees were the same but the way they answered such similar questions were not the same and there were different levels of understanding. Both were in agreement answering some questions. The contribution of the newly implemented banking solution software technology (T_{24}) in providing quality customer service and facilitating the day to day activities of the employees and customers was interviewed. The majority agreed that it facilitated their day to day activities, but with many challenges like frequent network interruption, when system is off line no any means to give service to customers, the system didn't show earlier transactions for reference, the system is highly network and power dependent , not flexible , the system did not start providing internet banking, mobile banking, and Islamic banking services, it didn't generate some crucial reports, no alternative means during system failure, it is impossible to get closed account history and long way to open account, over all balancing of daily transactions is impossible with the system because inter branch transactions are not available, the system is not user friendly and not owned properly from the vender, there is a knowledge gap, no one in the

department solves any problem a raised at branch ,and no one is ready to take responsibility and correct problems faced at branches, due to knowledge and communication gap between the system and service provider it is not operated and utilized very well.

Some relevant issues were pointed to indicate some positive situations that contribute to the improvement of service quality is going on. It was pointed that the existing aggressive promotion, implementing one window service delivery, Changing the logo of the bank, opening many branches, the change in management, starting constructing its own head quarter, etc. were seen as factors that influence on service quality.

The researcher was asking other additional factors that enhance quality customer services of the bank and the respondents were commented the important of some factors. These were aggressive promotion, provide continuous customer service training, improving service delivery time, assure employees satisfaction which have a direct impact on customer satisfaction, advice to improve FCY holding and approval to customers, use advanced banking technology, assure availability of regular network, uniform and attractive office layout, retain the existing reliable customers and attract many more others, make branches' suitable to customer service, open many branches at an ideal places and location in Addis Ababa and outside Addis, Closely watch competitors service delivery ability, quality and speed and then learn from them, retain competent, qualified, committed and experienced employees , develop new service products to customers, have sound employees motivation, promotion, training, empowerment strategies, revise terms and tariffs of the bank incognizant to other bank, assure proper functioning and availability of office machineries and equipment (note counting machines, photocopiers, etc. office facilities and supplies, office furniture etc., design mechanisms to entertain customers in case of system failure and unavailability of network.

The bank should Work hard as strong as a Bee to realize our name, create conducive work environment, develop a culture in sustainable service delivery process, build good customer relationship management, develop and implement customer complete handling mechanisms, develop a satisfied employee before creating a satisfied customers, the service quality of any company depends on the quality of its employees, so effort and exert to have quality

employees i.e. recruit qualified, adequate, experienced, knowledgeable, committed, service oriented and wiling to serve customer employees. Always value and recognize the important of customers, fulfill both material and psychological matters of employee and customers, treat employees and customers impartially and transparently alleviates the quality of services which finally improve customer satisfaction and loyalty, this leads to market share and growth, image building and good financial perform and achievement in performance.

In addition to the above points employees were asked their commitment to provide quality customer service and improve the performance of the bank. Most employees were willing and committed to extend all their effort for the improvement of quality customer services and achieve good performance. They were pointed some pre-conditions that they need to improve like good remunerations; they have also questions on management's commitment and dedication for quality customer service.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of Major Findings.

The researcher has summarized major findings based on the results of the analysis on the perceived service quality and customer satisfaction at NIB.

- ➢ NIB Customers' preferred the service quality dimensions service assurance first, next service responsiveness, third service tangibility, fourth service reliability and finally service empathy.

- ➢ The impact level of quality service factor like employee's motivation and commitment, policy and procedures of the bank on quality customer service, financial and none financial incentives to employees, customer service training to employees were high.

- ➢ Customer loyalty was found as dependent on the relational benefit perceived by the customer, customers' feeling of trust and affective commitment toward to the bank, positive image of the company, higher level of customer satisfaction and higher level of service satisfaction respectively.

- ➢ Quality customer service factors like branch location, prompt maintenance of office equipment, neatness and attractiveness of branch offices, internal office arrangements, neatness and attractiveness of branch offices, availability of office facilities, furniture and equipment were dissatisfactory.

- ➢ Quality customer service factors employee selection and recruitment, loan delivery time, foreign currency approval procedure and time, prompt response of H.O to office facilities, manpower assignment speed and accuracy on demand and customer complaint handling and management systems of NIB were found very dissatisfactory.

5.2 Conclusions

The researcher has made the following major conclusions based on the research questions and statement of the problem.

- The satisfactions level of customers of NIB in the overall quality service dimensions and attributes were poor.
- The results of almost all quality customer service factors that favor quality were below the average; this indicates that quality customer service delivery of the bank is also poor.
- All service quality dimensions; tangibility, responsiveness, reliability, assurance, empathy and other service attributes were not well satisfied customers of NIB
- The impact level of policy and procedures of the bank on quality customer service, financial and none financial incentives to employees, customer service training to employees, the external environment, the working environment of the organization, management attitude towards quality customer service and availability of resources to QCS were very high
- Sequentially the relational benefits perceived by customers, customer feelings of trust and affective commitment towards the bank and positive image of the company were unusually found customer loyalty factors than higher level of customer satisfaction, and higher level of service satisfaction.
- The bank has not effectively utilized the newly implemented banking solution and has not got competitive advantage by entertaining customers' multidimensional services.
- Quality customer service factors employees' selection and recruitment, loan delivery time, foreign currency approval procedure and time, prompt response of H.O to office facilities, manpower assignment speed and accuracy on demand and customer complaint handling and management systems of the bank were found very dissatisfactory.
- The bank did not give high attention and value for employees' knowledge and development and continual customer service training a tool for quality customer service and long term investments to assure quality customer service for long.

- Offering high quality service to customers typically results important benefits like positive company image, increase productivity, higher customer satisfaction and loyalty, lower rework time, reduce costs and increase profitability

5.3 Recommendations

Based on the above conclusion and findings the researcher has pointed the following recommendation to the bank's management on the perceived service quality and customer satisfaction of the bank.

- Management commitment and dedication to alleviate the quality of customer service is very important; unless they are not committed and take the initiative as a role model the rest of the subordinates loss their motivation and moral to deliver quality customer service; So that commit yourself for quality customer service delivery in making policies and procedures incognizant of QCS and develop means to ascertain proper implementation of the quality customer service dimension and their attributes in the satisfaction of customers in all the time.

- Unless there are highly satisfied customers; there will be high customer migration to other commercial banks which will endanger the existence of the bank; so management should be aware of it and implement a service recovery program to enhance quality customer service by conducting quality customer service survey. It is also important to conduct competitor analysis research on service quality and compare yourself against others and use benchmarking to improve quality customer services of the bank.

- Quality customer service delivery would be realized with, qualified, trained, experienced, empowered, satisfied, customer service oriented staff, so that the bank should recruit and employee qualified, trained, motivated, satisfied, empowered staff and retain them to assure the satisfaction of customers. The other quality customer service dimension and attributes were not exercised by staff and not satisfied customers of NIB; So that the bank needs to give attention and

provide quality customer service training to its employees regularly and continually to improve service quality that grant customer satisfaction.

► Proper utilization of the newly implemented modern banking technology facilitates the usual day to day activities of the bank and enhances quality customer service delivery; so that knowledge, skills, and experiences of the user of the system in general and specially information technology staff in particular are well developed through training and development in addition to formal knowledge gained from the vender. Problems related to banking solution system like network interruption and failure, power failure, delay in correcting irregularities and other problems need acute management attention and prompt correction to serve customers and get competitive advantage from the technology. Moreover; management should design a mechanisms to entertain customers during system failure and unavailability of network

► Almost all banks' in Ethiopia are providing one and same service products. What differentiate among themselves are their abilities to deliver quality services; this is a means to have highly satisfied loyal customers that assure positive performance. Therefore; the bank is advised to give high attention to quality customer service like other sensitive bank issues as deposit mobilization, disbursement of more loans and advances, generating profits, etc.

► Service quality factors like policy and procedure of the bank, financial and none financial incentives to employee, employee motivation and commitment, the working environment of the organization, management attitude towards QCS should get great attention as their impact on QCS are very high.

► Office supply, office equipment, office furniture and other facilities and resources and their availability and prompt maintenance when there are defects must be assured all the time to maintain the satisfactions of customers.

► Give weight and value quality customer service factors like internal office arrangement, branches networking, ideal location of branches, availability of quality materials in all the time, effective two way communications , lesser loan

delivery time, ease foreign currency approval procedure, manpower assignment on need; these are some means to quality customer service.

▶ Create conducive work environment, develop a culture realize sustainable quality customer service delivery process, build good customer relationship management, develop and implement customer complete handling mechanisms, recognize the important of customers, fulfill both material and psychological matters of employee, treat employees and customers impartially and transparently, this alleviates the quality of services which finally improve customer satisfaction and loyalty, this leads to market share and growth, image building and good financial perform and achievement.

5.4 Further research Suggestion

It is better for researchers to conduct a research on service quality dimensions in cognizant service culture, development, service preference and attitude, attitude towards quality and factors that affect quality. Are the given all service quality dimensions; tangibility, assurance, reliability, responsiveness and empathy equally sensed and applied all over the world? Why don't we have many more quality service dimensions and attributes than the indicated above?

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APPENDIX

Appendix 1: Questionnaire to employees

St. Mary's University

School Of Graduate Studies

Masters of Business Administration (MBA) Program

Questionnaire to be filled by Employees of NIB S.C. in Addis Ababa

Dear Respondents,

This structured questionnaire is designed to employees of NIB S.C. to collect primary data for the research to be conducted on the perceived service quality and customer satisfaction at NIB S.C. which will be used as one input for a thesis in a partial fulfillment of MBA in Business Administration.

Your concern and careful completion of the questionnaire will contribute a lot to arrive at a right conclusion. So, you are kindly requested to provide accurate, complete, genuine and reliable information to the best of your knowledge. Feel free to discuss any topic related issues since the data will be used for this specific research only. I farther assure you that all the information will be kept confidential.

Thank you in advance for your time, attention, interest, courage, dedication and cooperation to fill this questionnaire taking some minutes.

Contact Address:

If there is any problem that need further clarification; do not hesitate to call with Mob. No. 0911 67 5325 or fixed line Tel. No. 0112 778011 (Office) E-mail bewketmoges@yahoo.com any time at your convenience

Instruction: Do not write your name on the questionnaire.

Part I. **Background Information**

Please put a tick mark in the proper box listed below

1. Gender　　　　　Male　☐　　　Female　☐

2. Age group (in years):

　　　　　Under 20 ☐　21-35 ☐　36-50 ☐　Above 50　☐

3. Educational background

　　　High school complete　☐　　　College diploma　☐
　　　BA/BSC or bachelor's degree　☐　　MA/MSC and above　☐

4. Bank related work experience in years

　　　　1-5 ☐　　6-10 ☐　　Above 10 ☐

5. Current position

Clerical �▪   Supervisory ▪   Managerial ▪

Part II: Research related questions.

1. Please put a tick mark under the given number to show the impact level of the following quality customer service factors' on NIB S.C.

   Very low=1   Low=2   No impact=3   High=4   Very high=5

	Quality customer service factors	**1**	**2**	**3**	**4**	**5**
1	Financial and none financial incentives to employees					
2	Customer service training to employees					
3	Employees motivation and commitment					
4	Available of resources (manpower, material, financial, information, etc.)					
5	Technology and infrastructure limitation					
6	The increase in the service recipients need on quality customer service					
7	The working environment of the organization					
8	Management attitude towards quality customer service					
9	Policy and procedures of the bank on quality customer service					
10	The external environment (political, economic, social, technological, legal, etc.)					

2. Please put a tick mark under the proper ratings for each under listed service quality related facilities and branch locations and branch related matters of NIB S.C. :

Very dissatisfied=1 Dissatisfied=2   Indifferent=3   Satisfied=4 Very satisfied=5

	Service quality related items	1	2	3	4	5
1	Neatness and attractiveness of branch offices both internal and external					
2	Internal office arrangements and adequate spaces (cages, counter, back office and lobby) arrangement for service					
3	Availability of office facilities, furniture and equipment for service					
4	Branch accessibility through branch networking					
5	Proper functioning of all not counting machines in branches					
6	Management participation and follow up on quality customer service					
7	Supplies of quality materials and supplies for regular use					
8	Prompt maintenance of office equipment on demand					
9	Timely exchange of transactions between branches and concerned H.O work unit					
10	Getting guidelines and operational support from various H.O organ					
11	Two way communication between branches and H.O					
12	Ideal branch location and distribution of branches					

3. Please indicate your agreement or disagreement on the factors that affect customer loyalty in NIB S.C. Circling the number that best represents your opinion in the table below.

Strongly disagree = 1 Disagree = 2   Neutral = 3 Agree = 4   Strongly agree = 5

	Customer loyalty factors	1	2	3	4	5
1	High level of customer satisfaction					
2	High level of Service quality					
3	Customer feelings of trust and affective commitment toward the bank					
4	Positive image of the company					
5	The relational benefits perceived by the customer					

4. Please tick under the proper ratings for each under listed miscellaneous service quality related items in NIB S.C. :

Very dissatisfactory=1 Dissatisfactory=2 Indifferent=3 Satisfactory =4 Highly satisfactory = 5

No	Other Service Quality Related Items in NIB S.C.	1	2	3	4	5
1	Internal organization of work units (foreign, credit, domestic banking, cash)					
2	Team spirit and team works of branch staff					
3	Staff initiation to accomplish their specific duty					
4	Prompt responses of H.O to office supplies, office equipment and office furniture					
5	Loan delivery time in branches and H.O credit units.					
6	Foreign currency approval procedure and time					
7	Manpower assignment speed and accuracy when demanded.					
8	Employee selection and recruitment					

9	Accuracy and timeliness of transaction claims exchange					
10	Customer complaint handling and management system of NIB S.C.					

Thank You!

Appendix 2: Questionnaire to Customers

St. Mary's University

School Of Graduate Studies

Masters of Business Administration (MBA) Program

Questionnaire to be filled by customers of NIB S.C. in Addis Ababa

Dear respondents,

This structured questionnaire is designed to customers of NIB S.C. to collect primary data for the research to be conducted on the perceived service quality and customer satisfaction at **NIB S.C.** which will be used as one input for a thesis in a partial fulfillment of MBA in Business Administration.

Your concern and careful completion of the questionnaire will contribute a lot to arrive at a right conclusion. So, you are kindly requested to provide accurate, complete, genuine and reliable information to the best of your knowledge. Feel free to discuss any topic related issues since the data will be used for this specific research only. I farther assure you that all the information will be kept confidentially.

Thank you in advance and appreciate your attention, interest, courage, dedication and cooperation to fill this questionnaire taking some few minutes.

Contact Address:

If there is any problem that need further clarification; do not hesitate to call with Mob. No. 0911 67 5325 or fixed line Tel. No. 0112 778011 (Office) E-mail bewoketmoges@yahoo.com any time at your convenience.

Instruction: Do not write your name on this questionnaire.

Part I. **Background Information**

Please put a tick mark in the proper boxes listed below

1. Gender   Male   ☐   Female   ☐

2. Age group (in years):

    Under 20 ☐   21-35 ☐   36-50 ☐   above 50 ☐

3. Number of year/years working with the bank.

    1-6 ☐   6-10 ☐   Above 10 ☐

Part II: Research related questions.

1. Please put a tick mark under the proper items of the service quality dimension of the common perceived measures of service qualities such as reliability, responsiveness, assurance, tangibles and empathy in relation to NIB S.C.'s service quality.

Highly dissatisfied=1 Dissatisfied=2 Indifferent=3 Satisfied=4 Highly satisfied=5

Service quality Dimension	Items under each service quality dimension	1	2	3	4	5
Tangibility						
	1. Modern-looking equipment					
	2. Appealing physical activities					
	3. Neat appearance of staff					
	4. Materials associated with the service are visually appealing					
Reliability						
	5. Staff keeping promise					
	6. Sincere interest in solving customers' problems					
	7. Staff performing services right the first time.					
	8. Provide services at the time they promise to do so					
	9. Insist on error-free records					
Responsiveness						
	10. Staff telling customers exactly when services will be performed					
	11. Prompt service.					
	12. Staff willingness to help					
	13. Prompt response from staff					
Assurance						

	14. Behaviors of staff in their confidence in customers					
	15. Customers feel safe in their transactions.					
	16. Friendliness and courtesy of staff.					
	17. Staff having knowledge to answer questions					
Empathy						
	18. Individual attention given by staff					
	19. Convenient operating hours					
	20. Employees give Personal attention					
	21. Staff giving customers best interest at heart					
	22. Understanding the specific needs of customers.					

2. Please put a tick mark under the given number to show the impact level of the following quality customer service factors' on NIB S.C..

Very low=1   Low=2   No impact=3   High=4   Very high=5

No.	Factors	1	2	3	4	5
1	Financial and none financial incentives to employees					
2	Customer service training to employees					
3	Employees motivation and commitment					
4	Availability of resources (manpower, material, financial, information, etc.)					
5	Technology and infrastructure					
6	The increase in the service recipients need on quality					

		1	2	3	4	5
	customer service					
7	The working environment of the organization					
8	Management attitude towards quality customer service					
9	Policy and procedures of the bank on quality customer service					
10	The external environment (political, economic, social, technological, legal etc.)					

3. Please put a tick mark under the proper ratings for each under listed service quality related facilities and branch locations and branch related matters of NIB S.C..:

Very dissatisfied=1   dissatisfied=2   Neutral=3 Satisfied=4   Very satisfied=5

	Service quality related items	1	2	3	4	5
1	Neatness and attractiveness of branch offices both internal and external					
2	Internal office arrangements and adequate spaces (cages, counter, back office and lobby) arrangement for service					
3	Availability of office facilities, furniture and equipment for service					
4	Branch accessibility through branch networking					
5	Proper functioning of all not counting machines in branches					
6	Management participation and follow up on quality customer service					

4.   Please indicate your agreement or disagreement on the factors that affect customer loyalty in NIB S.C. circling the number that best represents your opinion in the table below.

Strongly disagree=1   Disagree=2   Neutral=3   Agree=4   Strongly agree=5

	Customer loyalty factors	1	2	3	4	5
1	High level of customer satisfaction					
2	High level of Service quality					
3	Customer feelings of trust and affective commitment toward the bank					
4	The positive image of the company					
5	The relational benefits perceived by the customer					

Thank you..

Appendix 3: Interview Questionnaires to customers and employees

St. Mary's University

School Of Graduate Studies

Masters of Business Administration (MBA) Program

Interview questions prepared to employees and customers of NIB S.C. In Addis Ababa

Dear respondents,

This structured interview questionnaire is designed to employees and customers of NIB S.C.. to collect additional primary data for the research to be conducted on the perceived service quality and customer satisfaction at **NIB S.C.** which will be used as one input for a thesis in a partial fulfillment of MBA in Business Administration.

Your concern and carefully answering the interview questionnaire will contribute a lot to arrive at a right conclusion. So, you are kindly requested to provide accurate, complete, genuine and reliable information to the best of your knowledge. Feel free to discuss any topic related issues since the data will be used for this specific research only. I farther assure you that all the information will be kept confidentially.

Thank you in advance and appreciate your attention, interest, courage, dedication and cooperation to conduct this interview questionnaire taking some few minutes.

1. NIB S.C. is currently using the new modern information technology system of T24 banking solution with the intention to provide quality customer service using this technology. Does this system facilitate your day to day activities easily and comfortably?

   a. Yes   b. No

   If yes mention some outstanding advantages you get in relation to quality customer service delivery.

   _____

   _____

   If No, mention some problems you have faced.

_____

_____

2. The bank expects more from its employees for the improvement of service quality. Please
mention your commitment in the regard.

_____

_____

_____

_____

3. How do you see performance of NIB S.C. with regard profitability, market share and
growth and image building when we compare against other private commercial
banks?

_____

_____

_____

_____

4. If you have any other comments or additional ideas how to improve quality customer
service and the effects of quality customer service on the performance of NIB S.C. please
point some relevant issues.

_____

_____

_____

_____

Thank you!

DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of y advisor. All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher earning

 Institution for the purpose of earning any degree.

Bewoket Moges   _____

       Name   Signature & date

ENDORSEMENT

This thesis has been submitted to St. Mary's University, School of Graduate Studies for

Examination with my approval as a university advisor.

Dr. Mesfin Lemma

_____

Advisor