THE EFFECT OF SERVICE QUALITY DIMENSIONS ON CUSTOMER SATISFACTION:

THE CASE OF CONSTRUCTION AND BUSINESS BANK

BY

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SCHOOL OF GRADUATE STUDIES

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In Partial Fulfillment of the Requirement for the Award of Masters of Business Administration (MBA)

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Approved by Board of Examiners

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Abstract

Using the SERVQUAL model, this study aimed to examine the impacts of service quality on customer's satisfaction in construction and business bank.

A total of 196 which have current and saving account in construction and business bank are participated in this study. Gap analysis was used to determine the perceived importance and satisfaction on each dimension of service quality. The study found that the correlation value between service quality and customer satisfaction is 0.526. It is significant at 0.01 levels. There is positive linear relationship between the service quality and customer satisfactions. Regression analysis was conducted to test the relationship between service quality and levels of customer satisfaction. Results indicated that reliability, responsiveness, assurance and empathy have significantly positively influenced customer attitudes in terms of satisfaction and tangibility has not significant to customer satisfaction. Finally, service quality influences on customer satisfaction. The study further points out that keen attention should be paid to polish service quality. Because, service quality are inter related with customer satisfaction.

Keywords: *Service Quality, Customers' expectation and perception, Customer Satisfaction, Customer Gap*

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CHAPTER ONE

INTRODUCTION

This chapter basically highlights background of the study, statement of the problem, research hypothesis, conceptual frame work of the study, objective of the study, significance of the study, delimitation of the study and organization of the research paper.

1.1. BACKGROUND OF THE STUDY

In the current business world, the quality of customer service is becoming the concern of both customers and organizations. And in most industries, providing quality service is very important for their longer survival. In service industries, globally, the subject of service quality remains critical as businesses strive to maintain a comparative advantage in the marketplace Zeithaml and Bitner, (2003). Since financial services, particularly banks compete in the marketplace with generally undifferentiated products, and service quality becomes a primary competitive weapon Mohammed and Shirley, (2009).

Currently, technological changes are causing banks to rethink their strategies for services offered to both commercial and individual customers. Therefore, banks should focus on service quality as a core competitive strategy Juan et al, (2006). Within this background, customer satisfaction and service quality are compelling the attention of all banking institutions around the world including Ethiopia.

In this scenario according to Irons, (1997), in order to provide the desired quality level service companies should know customers' expectation and the way they perceive or evaluate the quality of a service. As Zeithml and Bitner, (2003) stated, customer satisfaction or dissatisfaction is considered to be the result of a comparison between the pre-use expectations that a customer has about the product or service and the post-use perception of product or service performance. Again as per Collart, (2000), one of the determinants of success of a firm is how the customers perceive the resulting service quality, as the perceived service quality is the key driver of perceived value.

1.2. BACKGROUND OF CONSTRUCTION AND BUSINESS BANK S.C

Construction and Business Bank S.C. (CBB) is a wholly government–owned public enterprise and successor of the Housing and Savings Bank (HSB) which was formed in 1975 through the merger of two financial institutions namely, imperial savings and home ownership association, and Savings and mortgage Corporation of Ethiopia which were nationalized at the on-set of the socialist era of Ethiopia. HSB's objectives were granting long-term loans for residential housing and commercial building construction, purchase and renovation by mobilizing financial resources through ordinary savings, time deposits and long-term borrowings. For about twenty years since 1975 EC, HSB has made important contribution to the development of housing in the country in which it hitherto enjoyed the reputation as a household name. Following the market-based economic policy of the country and the ensuing economic reform programs initiated by the government in 1992 EC, HSB was reconstituted as Construction and Business Bank in September 1994 by regulation No. 203/94 with an authorized capital of Birr 71.8 million. The regulation gave CBB the mandate to provide universal banking services. In line with this, CBB has ventured into commercial banking operations stage by stage maintaining construction financing as its core business. In September 2000 EC, CBB is converted to share company in accordance with the Ethiopian Commercial Code with a capital of Birr 79.0 million. Construction and Business bank offers various banking services apart from its highly reputable long term loan services. Basically, it offers the following banking services.

- Loan
- Trade finance (import/export LC, guarantee)
- Diaspora Account service
- Deposit Accounts
- Money Transfer and soon.
- **CBB'S Vision**
  - To be the best performing bank in Ethiopia.
- **CBB'S Mission**
  - The mission of CBB is: devoted to provide banking services to add value to the stakeholders thereby to foster national economic development"

CBB'S Values

In support of the mission, CBB's core values are:

- Customer oriented
- Seeing changes as opportunities
- Team work
- Commitment
- Impartiality
- Strive for more

1.3. STATEMENT OF THE PROBLEM

According to Lovelock and Wright,(1999), a key issue for financial services today is to recognize the relevant service marketing dimensions required for reaching both new and existing customers. At the same time, the requirements and expectations of customers have changed and growth in competition as well as technological development, have made huge differences in the scope and modes of financial service delivery.

What so ever the service provider is, be it governmental or private sector, the key for its existence and success lie in its ability to provide effective service and satisfying the customer. It is the quality of service that creates true customers: customers who buy more and who influence others to buy.

A key challenge for any service business is to deliver satisfactory outcomes to its customers in ways that are cost effective for the company. "If customers are dissatisfied with the quality of the service they would not be willing to pay very much for it or even to buy it, at all if competitor offer better"Lovelock and Wirtz; (2004: 408). Most banks are facing the challenge of delivering effective services which can satisfy their customers. Most of the time, there is a gap between customer expectation and service provided by the banks. These gaps in service expectation and delivery can damage relationships with customers. Today, Ethiopian banks are facing challenges with stiff competition. Hence, delivering quality service and creating customer satisfaction is expected of them to win this competition,BeliyuGirmaet,al, (2012). Among those competing banks in Ethiopia, construction and business bank is the one which starts its operation since, 1972.EC with different banking services. Even though Construction and Business Bank S.C is providing different banking services efficiently for more than 34 years.It is still not able to in provide value added services like ATM, e Banking

and etc. To compete with other banks, the Construction and Business Bank S.C (CBB) is also expanding its branch network to increase its customer base. Currently, the bank is also in the process of upgrading its technology to deliver value added banking services to its customers. In this situation, it is inevitable to analyze the service quality and customer satisfaction towards the services provided by CBB.

The intention of this project is, therefore to assess the service delivery system of CBB and its quality service provision and assess the impact of service quality delivery on customer satisfaction. So, it becomes very important for Construction and Business bank S.C to meet or exceed the target customers' satisfaction with quality of services expected by the bank.

1.4. RESEARCH QUESTIONS

In general, under the above articulated problem, the study aims to answer the following question

1. What are the level of customers expectation and perception towards service quality of CBB?

2. What is the most important dimension of service quality in Construction and Business Bank S.C?

3. What type of relationship does service quality dimensions have on customer satisfaction?

4. What are the discrepancy between customers expectation and perception towards service quality?

1.5. RESEARCH HYPOTHESIS

In line with the above research questions the following hypothesis were tasted.

Hypothesis 1

H1o: *Tangibility does not have a positive relationship with customer satisfaction in the selected construction and business bank in Addis Ababa.*

H1a: Tangibility has a positive relationship with customer satisfaction in the selected *construction and business bank in Addis Ababa.*

Hypothesis 2

H2o: Reliability does not have a positive relationship with customer satisfaction in the selected construction and business bank in Addis Ababa.

H2a: Reliability has a positive relationship with customer satisfaction in the selected *construction and business bank in Addis Ababa.*

Hypothesis 3

H3o: Responsiveness does not have a positive relationship with customer satisfaction in the selected construction and business bank in Addis Ababa.

H3a: Responsiveness has a positive relationship with customer satisfaction in the selected construction and business bank in Addis Ababa.

Hypothesis 4

H4o: Assurance does not have a positive relationship with customer satisfaction in the selected construction and business bank in Addis Ababa.

H4a: Assurance has a positive relationship with customer satisfaction in the selected construction and business bank in Addis Ababa.

Hypothesis 5

H5o: Empathy does not have a positive relationship with customer satisfaction in the selected construction and business bank in Addis Ababa.

H5a: *Empathy has a positive relationship with customer satisfaction in the selected construction and business bank.*

1.6. OBJECTIVES OF THE STUDY

In line with the above problems and research questions the general and specific research objectives are the following.

1.6.1. GENERAL OBJECTIVE OF THE STUDY

The general objective of this study is to assess and measure the level of customer satisfaction and services dimensions rendered by Construction and Business Bank S.C.

1.6.2. SPECIFIC OBJECTIVES OF THE STUDY

- To identify the most influencer or dominant dimension of service quality that contributes much towards overall customer satisfaction in Construction and Business Bank S.C?

- To examine the relationship between service quality and customer satisfaction.

- To assess customer's expectation and perception level towards service quality of CBB in five dimensions: tangibility, reliability, responsiveness, assurance, and empathy.

- To identify areas that needs to be improved by the bank to deliver superior service quality by recommending different constructive suggestions.

- To analyze the discrepancy or gap between customers' expectation and perception towards service quality.

1.7. SIGNIFICANCE OF THE STUDY

The outcome of this study will help Construction and Business Bank's S.C customer service mangers to better understand their customers' perception on their service quality. Moreover the result from this research will assist the managers or employee to better serve their customers and develop service quality to achieve the highest level of the customer's satisfaction. In addition to this the finding will give an insight for other academicians who are interested to conduct research on other service areas of the bank.

1.8. SCOPE OF THE STUDY/DELIMITATION

Even though there are many banks in Addis Ababa, the study only look at Construction and Business Bank S.C. And the researcher will assess service quality dimensions of Construction and Business Bank S.C using refined version of SERVQUAL items, and one statement to capture the level of overall customers' satisfaction. Moreover, the sample framesisrestricted to Addis Ababa, from which the survey will be conducted in four branches

(Megenagnasquare, Kazanchis, Jemo and Megenagna 24 branch). And this study only examines perception and expectation of customers who have Current and Saving Accounts.

1.9. DEFINITION OF TERMS

Service quality –Means the difference between the customer's expectation of service and their perceived service, which consists of five dimensions: responsiveness, reliability, tangibility, empathy and assurance. Or it is the ability of an organization to meet or exceed customer expectations. Zeithml and Bitner, (2003)

SERVQUAL: An instrument for measuring service quality in terms of the discrepancy between customers expectation regarding service offered and the perception of service received. Glimore, (2003)

Reliability – The ability to perform the promised service dependably and accurately. Mudie and Pirrie, (2006)

Responsiveness – The willingness to help customers and to provide prompt service. Mudie and Pirrie, (2006)

Assurance – The employees' knowledge and courtesy, and the ability of the service to inspire trust and confidence. Mudie and Pirrie, (2006)

Empathy – the caring, individualized attention of the service provides to its customers.

Tangibles – The appearance of physical facilities, equipment, personnel and communication materials. Mudie and Pirrie, (2006)

Customers' satisfaction – Kotler and Keller, (2012) defined, Satisfaction as a person's feelings of pleasure or disappointment that result from comparing a product's perceived performance to expectations.

1.10. ORGANIZATION OF THE PAPER

The thesis will be organized and presented in five different chapters. The first chapter includes introduction of the study which consists of background of the study, background of the organization, statement of the problem, objectives of the study, scope of the study and organization of the paper.

Chapter two contains different literatures on the area which discusses various theories and concepts on Customer satisfaction & service Quality.Chapter three illustrates the research methodology. Furthermore, chapter four will presents all the collected data in a clear manner and the analysis accordingly. Finally, the fifth chapter portrays the summary, conclusion and recommendation part.

CHAPTER TWO

LITERATURE REVIEW

This chapter gives an overview of literature that is related to the research problem presented in the previous chapter. The concept of service, service quality, customer satisfaction, relation between customer satisfaction and service quality, and service quality model were introduced in order to give a clear idea about the research area.

2.1. GENERAL CONCEPT OF SERVICE

A service is any act or performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical product,Keller and Kotler, (2006). Similarly Zeithaml and Bitner, (2004), also defined service as deeds, processes and performances. Both definitions and also other scholars' definitions agree on the intangibility, inseparability, perishable, and variability nature of a service. Moreover, many literatures explain the existence and importance of service in all kinds of organizations. In general Service organizations range in size from huge international corporations like airlines, banking, insurance, communications, hotel chains, and freight transportation to a vast array of locally owned and operated small businesses, including restaurants, laundries, taxis, optometrists, and numerous business-to-business ("B2B").Lovelock and Wright,(1999).

Currently the service industry is taking the highest portion of the world economy. In terms of industry structure, there is a greater willingness to identify service as commercially important to the extent that even some manufacturers of products have redefined their business as a service, Iron, (1997). Especially in developed countries the concern customer is more on quality service. They prefer a service that can satisfy them in many ways. In addition to this the technological advancement and an intense competition in the market is providing an opportunity for improvement of marketers/companies offering.

According to keller and kotler, (2006) offering can be classified in five categories. These are pure tangible goods, tangible good with accompanying service, hybrid service, major service with accompanying minor goods, and pure service. All the stated kinds of offering provide service. Even pure tangible goods will be associated with some kind of service. Furthermore

service can be classified as equipment-based (automated car washes, vending machines) or people-based (window washing, accounting services).

In most industrialized economies, expenditure on service is growing due to:

❖ Advances in technology that had led to more sophisticated products that require more services.

❖ Growth in per capita income has given rise to a greater percentage of income being spent on luxuries such as restaurant meals, overseas holidays, weekend holidays breaks. Greater discretionary income also fuels demand for financial services such as personal pensions.

❖ A trend towards out sourcing means that manufacturers are buying services that are outside the firms 'core expertise (warehousing, catering).

❖ Deregulation has increased level of competition in certain service industries like telecommunication. This has resulted in expansion with more customers availing of services as prices are going down due to competition actions. Simultaneously, companies are advertising more and wooing customers more stridently further fuelling demand for services.

❖ Due to growth in per capita income, people are buying more goods, which have contributed to making retailing an important service. kumar and Meenaksh ,(2006)

2.2. DISTINCTIVE CHARACTERISTICS OF SERVICES

According to Mudie and Pirrie, (2006) Services are intangibles, perishable, inseparable from the provider, and highly variable each time it is delivered. These characteristic of services have to be thoroughly understood so that appropriate operations and marketing structures are created to be able to produce and sell services profitably. Services have four distinctive characteristics that greatly affect the design of marketing programs.

2.2.1. INTANGIBILITY

This is the most basic and often quoted difference between goods and services. Unlike tangible goods, services cannot generally be seen, tasted, felt, heard or smelled before being consumed. The potential customer is often unable to perceive the service before (and sometimes during and after) the service delivery.

2.2.2. INSEPARABILITY (SIMULTANEOUS PRODUCTION AND CONSUMPTION)

There is a marked distinction between physical goods and services in terms of the sequence of production and consumption: Whereas goods are first produced, then stored and finally

sold and consumed, services are first sold, then produced and consumed simultaneously.

The involvement of the customer in the production and delivery of the service means that the service provider must exercise care in what is being produced and how it is produced. The latter task will be of particular significance. How teachers doctors, bank tellers, lawyers, car mechanics, hairdressers conduct themselves in the presence of the customer may determine the likelihood of repeat business. Therefore, proper selection and training of customer contact personnel is necessary to ensure the delivery of quality.

2.2.3. VARIABILITY (HETEROGENEITY)

An unavoidable consequence of simultaneous production and consumption is variability in performance of a service. The quality of the service may vary depending on who provides it, as well as when and how it is provided. One hotel provides a fast efficient service and another, a short distance away, delivers a slow, inefficient service. Within a particular hotel, one employee is courteous and helpful while another is arrogant and obstructive. Even within one employee there can be variations in performance over the course of a day.

2.2.4. PERISHABILITY

Services cannot be stored for later sales or use. Hotel rooms not occupied, airline seats not purchased and college places not filled cannot be reclaimed. As services are performances they cannot be stored. If demand far exceeds supply it cannot be met, as in manufacturing, by taking goods from a warehouse. Equally, if capacity far exceeds demand, the revenue and/or value of that service is lost. Fluctuations in demand characterize service organizations and may pose problems where these fluctuations are unpredictable. Strategies need to be developed for producing a better match between supply and demand. Mudie and Pirrie, (2006)

Generally, as a consequence of these characteristics, services marketing must pay particular attention to tangibility of the services and reducing consumer perceived risk. Furthermore, the process of service delivery also attracts marketing attention because the involvement of the consumer in the process suggests that the nature of delivery may have a significant impact on consumer evaluation of the service. Tennewand Waite, (2007).

2.3. DEFINITION OF SERVICE QUALITY

In today's increasingly competitive business environment, service quality is essential for the success of any organization. Service quality is important aspect that affects the competitiveness of business.

The challenge in defining quality is that it is a subjective concept, like beauty. Everyone has a different definition based on their personal experiences.

There are many researchers who have defined service quality in different ways. For instance, Bitner, Booms and Mohr (1994, p. 97) define service quality as 'the consumer's overall impression of the relative inferiority / superiority of the organization and its services'. While other researchers (e.g. Cronin and Taylor, 1994) view service quality as a form of attitude representing a long-run overall evaluation, Parasuraman, Zeithaml and Berry, (1985, p. 48) defined service quality as 'a function of the differences between expectation and performance along the quality dimensions'. This has appeared to be consistent with Roest and Pieters, (1997) definition that service quality is a relativistic and cognitive discrepancy between experience-based norms and performances concerning service benefits.Crosby, (1979) defined service quality as "Conformance to requirements". This definition implies that organizations must establish requirements and specifications. Once these specifications are established, the quality goal of the various functions of an organization is to comply strictly with them.

As described by Lewis and Booms, (1983) giving quality service implies meeting the requirements to customer expectations regularly. Also Parasuraman, et al, (1985) defined service quality as "the degree and direction of discrepancy between consumer's perceptions and expectations in terms of different but relatively important dimensions of the service quality, which can affect their future purchasing behavior.'' This definition clearly shows that service quality is what customers assess through their expectations and perceptions of a service experience. Customers perceptions of service quality result from a comparison of their before-service expectations with their actual service experience.Juran, (1982) defined quality as "Fitness for use". As indicated on www.qualitygurus.com quality also defined from different point of views: - From customer point, from process point of view, from product point of view and from the cost point of view.

> From customer point of view: "*quality means fitness for use and meeting Customer satisfaction.*"

> From process point of view: "*quality means conformance with the process design, standards and specifications.*"

➢ From product point of view: *"quality means the degree of excellence at an acceptable price."*

➢ From the cost point of view: *"quality means best combination between costs and features."*

Service quality is founded on a comparison between what the customer feels should be offered and what is provided,Parasuraman et al., (1985). Service quality evaluated by assessing customers' expectations and perceptions of performance level for a variety of service attributes, Parasuraman et al., (1985). If the customer's expectations are meeting or exceeded, then the company is perceived to be offering higher service quality. But if on the other hand, the expectations of the customers are not meet, the company is on its way not only to face displeased and hostile customers, which in turn leads to defection to competitors. "Customer's expectation serves as a foundation for evaluating service quality because; quality is high when performance exceeds expectation and quality is low when performance does not meet their expectation.'' Asubonteng et al., (1996: 64). Expectation is viewed in service quality literature as desires or wants of consumer i.e., what they feel a service provider should offer rather than would offer Parasuraman et al., (1988). As stated by Gronroos, (1982) there are two types of service quality these are technical quality and functional quality. Technical quality is-what the customer is actually receiving from the service (outcome) while functional quality is the manner in which the service is delivered.

Perceived service is the outcome of the consumer's view of the service dimensions, which are both technical and functional in nature Gronroos, (1984). Parasuraman et al, (1988:15) define "perceived quality as a form of attitude, related but not equal to satisfaction, and results from a consumption of expectations with perceptions of performance." Therefore, having a better understanding of consumers attitudes will help to know how they perceive service quality in banks. The service will be considered excellent, if perceptions exceed expectations; it will be regarded as good or adequate, if it only equals the expectations; the service will be classed as bad, poor or deficient, if it does not meet them, Vázquez et al., (2001). "The cumulative customer satisfaction is seen to be based on the total purchase and consumption experience with a good or service over time and as such, is a more fundamental indicator of the firms past, current and future performance."Anderson; (2003:53) Quality evaluations derives from the service process as well as the service outcome. "A vague exhortation to customer contact employees to "improve quality" may have each employee acting on his/her notion of what quality is. It is likely to be much more effective to tell a service contact employee what

specific attributes service quality includes, such as responsiveness. Management can say, if we can improve our responsiveness, quality will increase" Asubonteng et al; (1996:63).

Banks should increase the quality of service constantly since there is no assurance that the current outstanding service is also suitable for future.

Consequently, banks should "develop new strategy" to satisfy their customer and should provide quality service to distinguish themselves from rivalries.Siddiqi; (2011).

2.4. MANAGING SERVICE QUALITY

One of the critical tasks of service companies is service quality management. It is commonly said that "what is not measured is not managed''Many organizations are eager to provide good quality services, but fall short simply because they do not accurately understand what customers expect from the company. The absence of well-defined tangible cues makes this understanding much more difficult than it would be if the organization were making manufactured goods.

In the Financial Services industry, products and prices can appear very similar to customers so customer care is the differentiating factor between providers. Customers that have a positive experience are much more likely to renew their policies, buy other products and services and recommend the company to others. Not managing quality could lead to disappointed customers, who could easily choose to take their business elsewhere.

In service marketing the quality of service is critical to a firm's success. Service providers must understand two attributes of service quality: - first quality is defined by the customer not by producer or seller. Second, Customer assesses service performed, Stanton; (1987). Consequently, to effectively manage quality, a service firm should:

- **Help customers formulate expectation**: Expectations are based on information from personnel and commercial sources promises made by the service provider and experience with the particular service as well as other similar services.
- **Measure the expectation level of target market:** A service firm must conduct research to measure expectations. Gathering data on the target market's past behavior, existing perceptions and believes and exposure of information can provide the bases for estimating expectation.
- **Strive to maintain consistent service quality at or above the expectation level.**

2.5. HOW TO MEASURE SERVICE QUALITY?

It is very difficult to measure service quality because it is a subjective experience. Even if a service or product performed exactly as intended, a consumer may be dissatisfied for another reason. Many researchers have struggled with the issue of how to measure service quality. Perhaps the most widely used measure is based on a set of five dimensions which have been consistently ranked by customers to be most important for service quality, regardless of service industry. These dimensions defined by the SERVQUAL measurement instrument are as follows:

2.5.1. Reliability: *Delivering on promise*

Reliability is defined as the ability to perform the promised service dependably and accurately. In its broadest sense, reliability means that the company delivers on its promises-promises about delivery, service provision, problem resolution, and pricing. Customers want to do business with companies that keep their promises, particularly their promises about the service outcomes and core service attributes.

2.5.2. Responsiveness: *being willing to help*

Responsiveness is the willingness to help customers and to provide prompt service. This dimension emphasizes attentiveness and promptness in dealing with customer requests, questions, complaints, and problems. Responsiveness is communicated to customers by the length of time they have to wait for assistance, answers to questions, or attention to problems. Responsiveness also captures the notion of flexibility and ability to customize the service to customer needs. To excel on the dimension of responsiveness, a company must be certain to view the process of service delivery and the handling of requests from the customer's point of view rather than from the company's point of view. To truly distinguish themselves on responsiveness, companies need well-staffed customer service departments as well as responsive font-line people in all contact positions.

2.5.3. Assurance: *Inspiring trust and confidence*

Assurance is defined as employees' knowledge and courtesy and the ability of the firm and its employees to inspire trust and confidence. This dimension is likely to be particularly important for services that the customer perceives as involving high risk and/or about which they feel uncertain about their ability to evaluate outcomes. Trust and confidence may be embodied in the person who links the customer to the company. In such service contexts the company seeks to build trust and loyalty between key contact people and individual customers. The personal banker concept captures this idea: customers are assigned to a

banker who will get to know them individually and who will coordinate all of their banking services.

2.5.4. Empathy: *Treating customers as individual*

Empathy is defined as the caring individualized attention the firm provides its customers. The essence of empathy is conveying, through personalized or customized service that customers are unique and special. Customers want to feel understood by and important to firms that provide service to them.

2.5.5. Tangibles: *Representing the service physically*

Tangibles are defined as the appearance of physical facilities, personnel, and communication materials. All of these provide physical representations or images of the service that customers, particularly new customers, will use to evaluate quality.

These five SERVQUAL dimensions are used to measure the gap between customers' expectation for excellence and their perception of actual service delivered. The SERVQUAL instrument, when applied over time, helps service providers understand both customer expectations, perceptions of specific services, and areas of needed quality improvements.

SERVQUAL has been used in many ways, such as identifying specific service elements requiring improvement, and targeting training opportunities for service staff. Proper development of items used in the SERVQUAL instrument provides rich item-level information that leads to practical implications for a service manager.

2.6. THE SERVQUAL AND THE SERVPERF MODEL

The most widely used models in measuring quality in the service industry in general and in the banking sector in particular are the SERVQUAL and the SERVPERF models. Since the SERVPERF was curved out of the SERVQUAL, the literature on both models are reviewed.

2.6.1. The SERVQUAL Model

SERVQUAL is one of the tools used in measuring the quality of services. According to Buttle, (1996), SERVQUAL is for the measuring and managing the quality of service. Asubonteng et al.,(1996) also intimate that the model is used to measure the quality of services from the customer's point of view. The originators of the model are Parasuraman, Zeithaml and Berry. It was developed in 1985 but was polished or refined in their subsequent articles, Parasuraman et al., (1988).

The main aim of SERVQUAL is to have a standard and a reliable tool that can be used to measure the quality of services in different service sectors, Curry and Sinclair, (2002). Originally, those who developed SERVQUAL introduced ten service quality dimensions or attributes. These are: tangibles, reliability, responsiveness, competency, courtesy, communication, credibility, security, access and understanding the customer. However in the1988 article, these were reduced to five Parasuraman et al.,(1988). These are; tangibles, reliability, responsiveness, assurance and empathy. Tangibility refers to the physical environment in which the service provider operates. It comprises the physical facilities available, workers, and equipment and communication materials. Reliability concerns the ability with which the service organization can deliver the service dependably and accurately. Empathy on the other hand, is about the special care of the service provider to assist customers and render as quick or prompt service as possible. While Responsiveness is about willingness to help customers and provide prompt service; Assurance too is in connection with the knowledge and the courteous attitude of staff and their ability to instill trust and confidence in customers. Based on the five service quality dimensions, two sets of twenty-two statements or questionnaire are developed, Donnelly et al., (1995) and Iwaarden et al, (2003).

2.6.2. The SERVPERF Model

The SERVPERF model was carved out of SERVQUAL by Cronin and Taylor in 1992. SERVPERF measures service quality by using the perceptions of customers. Cronin and Taylor argued that only perception was sufficient for measuring service quality and therefore expectations should not be included as suggested by SERVQUAL Baumann et al, (2007). Studies conducted by researchers like Babakus and Boller, Brady et al., Brown et al., and Zhou cited in Carrillat et al, (2007), have supported that of Cronin and Taylor. Therefore, advocates of SERVPERF hold the view that it is a better alternative to SERVQUAL.

SERVPERF however has suffered a setback. According to Gilmore and McMullan, (2009), Taylor and Cronin's examined the psychometric properties of the SERVPERF scale and the results of a multi-industry study in 1994 suggested that SERVPERF lacks consistency and a generalized factor structure.

As a result of that, the following recommendations were made:

➢ Practitioners should adapt the factor structure of the service quality data for specific or different settings.

> ➢ Academic researchers should revisit their research objectives so that a reliable and valid multidimensional scale of service quality that could be generalized across service settings should be applied.

Sight must not be lost on the fact that, whilst SERVQUAL measures the quality of service via the difference between the perceptions and expectations (P-E) of customers, SERVPERF only uses perceptions. Again, SERVPERF adopts the five dimensions of SERVQUAL and the 22- item scale in measuring the service quality. Based on the above, Cronin and Taylor cannot claim to have developed a new model (SERVPERF). In fact it was more or less a suggestion they made.

2.7. THE GAP MODEL OF SERVICE QUALITY

As cited in Clow and Kurtz, (2003) Parasuraman's SERVQUAL model is widely used to measure perceived service quality. Parasuraman et al. (1985) also found that the customer's perception of service quality depends upon the size and direction of the gap between the service and the customer expects to receive and what he or she perceives to have been received. Thus, service quality is defined as the gap between customers' expectation of service and their perception of the service experience. The gap theory is the method for calculating the service quality that involves subtracting a customer's perceived level of service received from what was expected.Clow and Kurtz, (2003)

According to Zeithamal and Bitner, (2003), GAP model is one of the best received and most heuristically valuable contributions to the service literature. The pioneer study of Parasuraman et al., (1985) has been a major driving force in developing an increased understanding of and knowledge about service quality Mudie and Pirrie, (2006). They defined service quality as the gap between customers' expectation of service and their perception of the service experience. The various gaps visualized in gap model are:

●Gap 1: The difference between what customers really (actually) expect and what management think (perceptions) of customers' expectations. Donnelly et al., (1995) are of the view that the gap occurs because management did not undertake in-depth studies about customers' needs. Also there are poor internal communication and insufficient management structures. This gap is referred to as the understanding or knowledge gap.
●Gap 2: Is what is called the standard gap. It is the difference between management perceptions of customer service quality expectations and service quality specifications.

●Gap 3: This gap is also known as the delivery gap. The difference between service quality specifications and the actual service quality delivered. This means the failure to ensure that service performance conforms to specifications. Donnelly et al., (1995) contend that the failure emanates from absence of commitment and motivation, insufficient quality control systems and insufficient staff training.

●Gap 4: This gap too is termed as the communication gap. It is the difference between the delivery of service and the external information (communication) regarding promises made to customers or implied .Examples of medium used for the external communication are media and customer contracts, Donnelly et al., (1995).

●Gap 5: Is the difference between customer's´ expectation of service quality and the actual service received.

"The following figure 1; conveys a clear message to managers wishing to improve the quality service: the key to close the customer's gap is to close provider gap 1 through 4 and keep them closed. To the extent that one or more of provider gaps 1 through 4 exist, customers perceive service quality shortfalls. The model, called the gap model of service quality, serves as the framework for service organization to improve service quality and services marketing.'' Parasuraman et al., (1994, p. 202)

Figure 1: The gap model
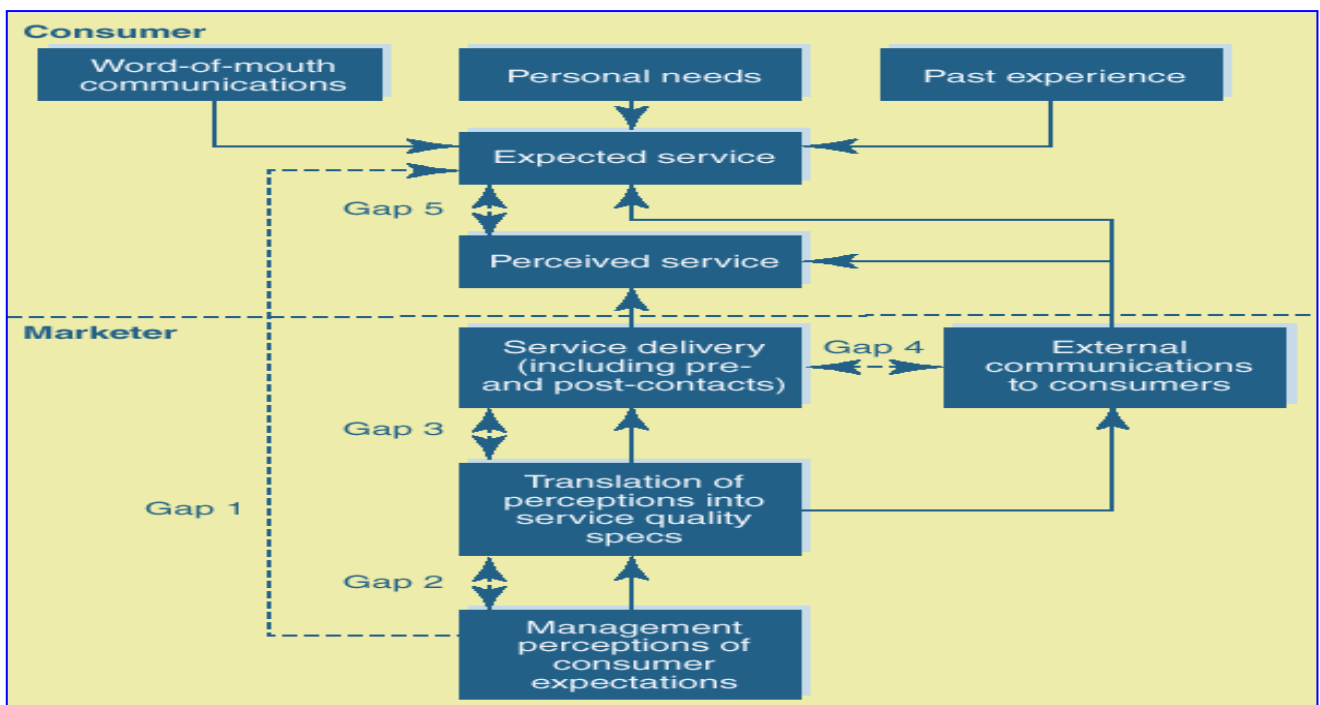
Source: Zeithaml and Bitner, 2003

2.8. CUSTOMER EXPECTATION OF SERVICE

As, Zeithaml&Betner, (2003), define customer expectations as beliefs about service delivery that function as standards or reference points against which performance is judged. This indicates that customers have something in their mind about the service delivery by the company so that customers can compare their perception of performance. Since the decider for service quality are customers; companies need to deliver services which able to equate their perception from their expectation to exceed their expectation this will results in customer satisfaction and delight respectively to do this service provider need to properly identify and understand the Expectations of customers first. "Being wrong about what customers want can mean losing a customers also mean expending money time and other resources on things that do not count to the customer"(Ibid.) How do buyers form their expectations? Kotler, (2006) suggested that buyers form expectations from past buying experience, friends and associates advice, and marketers and competitors information and promises. If marketers raise expectations too high, the buyer is likely to be disappointed. However, if the company sets expectations too low, it won't attract enough buyers (although it will satisfy those who do buy). Some of today's most successful companies are raising expectations and delivering performances to match. When General Motors launched the Saturn car division, it changed the whole buyer-seller relationship with a New Deal for car buyers: There would be a fixed price (none of the traditional haggling); a 30-day guarantee or money back; and salespeople on salary, not on commission (none of the traditional hard sell).

2.9. MANAGING CUSTOMER EXPECTATIONS

It is evident that quality, value and satisfaction are all influenced by the customer's expectations and perceptions in some form or another,Kotler, (2006). While perceptions are effectively a product of the service encounter and should be managed by careful management of service delivery expectations (whether ideal or predicted) are formed in advance of experiencing the service.

2.10. DEFINITION OF CUSTOMER SATISFACTION

As Kotler et al, (2006) defined customer satisfaction as "the level of persons felt state resulting from comparing a product's perceived performance or outcome in violation to his/her own expectations". So, customer satisfaction could be considered a comparative behavior between inputs beforehand and post obtainments.Customer satisfaction conceptually has been defined as feeling of the post utilization that the consumers experience from their purchase Westbrook and Oliver, (1991). Research, also suggested that customer satisfaction is considered to be one of the most important competitive factors for the future, and will be the best indicator of a firm's profitability. Westbrook and Oliver, (1991) further suggest that customer satisfaction will drive firms to improve their reputation and image, to reduce customer turnover, and to increase attention to customer needs. Such actions will help firms create barriers to switching, and improve business relationships with their customers. Parasuraman et al. (1985) suggested that services differ from goods in terms of how they are produced, consumed, and evaluated. They further viewed that services are intangible since they are performances and experiences rather than objects that can be precisely manufactured. Services are heterogeneous, that is, their performance often varies from producer to producer, customer to customer, and day to day. More importantly, production and consumption of services are inseparable. Unlike goods that can be engineered at a manufacturing plant and delivered intact to the customer, quality in services often occurs during service delivery, which is the interaction between a customer and a service provider. Given the differences between services and goods as previously mentioned, quality of service is more difficult for customers to evaluate than quality of goods. Customers evaluate service quality not only on the outcome of the service but also on the process of service delivery, and from how well a service provider actually performs, given their expectations of service performance.

Although many businesses are interested in maximizing customer satisfaction, it is not because customer satisfaction is the ultimate objective in itself. The underlying motive is that satisfied customers yield greater profits. Companies with more satisfied customers will be more successful and more profitable.

2.11. FACTORS THAT AFFECT CUSTOMER SATISFACTION

Customer satisfaction relates to a customer's perceptions about his shopping experience. Customer satisfaction is a combination of a customer's pre-purchase expectation and post-purchase evaluation of the shopping experience. A positive experience will result in a satisfied customer. A business benefits from satisfying its customers through increased revenues due to customer retention and new customers due to word-of-mouth endorsements. Customer satisfaction can be influenced by a variety of factors. Some factors that affect customer satisfaction in the service industry are speed of service, quality of service, and the cleanliness of the place of business. Customers often want a service performed quickly, so slowness usually leads to poor satisfaction ratings. The quality of the service matters too, because customers are not happy when treated rudely or in a rushed manner. Cleanliness is not just something typically required by law; appearance is important to a lot of customers. In addition, the ease of communication can greatly affect a customer's overall experience with a business. Knowing what these factors are can help the business consistently satisfy its customers.

Matzler et al., (2002) classify factors that affect customer satisfaction in to three factor structures:-

a) **BASIC FACTORS:-** these are the minimum requirements that are required in a product to prevent the customer from being dissatisfied. They do not necessarily cause satisfaction but lead to dissatisfaction if absent. These are those f actors that lead to the fulfillment of the basic requirement for which the product is produced. These constitute the basic attribute of the product or service.They thus have a low impact on satisfaction even though they are a prerequisite for satisfaction. In a nutshell competence and accessibility

b) **PERFORMANCE FACTORS**:- these are the factors that lead to satisfaction if fulfilled and can lead to dissatisfaction if not fulfilled. These include reliability and friendliness.

c) **EXCITEMENT FACTORS**:- these are factors that increase customers' satisfaction if fulfilled but does not cause dissatisfaction if not fulfilled which include project management.

2.12. REASONS OF CUSTOMER DISSATISFACTION

Sometimes customers become dissatisfied, as indicated on www.qualitygurus.com

Some of the reasons for this dissatisfaction are:-

- Not knowing the Expectations: Customer remains dissatisfied unless the company knows what the customer actually expects out of their product.

- Not Meeting the Expectations: a customer may become dissatisfied because the service does not live up to expectations. In addition to that as a result of the rapid improvement in the technology, customer may compare the services provided by a company with those of the competitors, which may lead to dissatisfaction and customers over expectations and their changing needs may lead them for dissatisfaction.

2.13. THINGS TO DO WHEN YOU HAVE A DISSATISFIED CUSTOMER

If customers dissatisfied, the first step is to identify and define their dissatisfaction. Their wants and needs first must be uncovered and defined to see if the features and benefits of your company's product or services can satisfy those wants and needs. Their dissatisfaction as well as their satisfaction should be measured and analyzed to get a better perception of their true level of dissatisfaction. Once the reason and level of their dissatisfaction is exposed then a system to improve that unhappiness can be instituted and a control can be implemented to insure continuation of that improvement in product or level of service. (www.qualitygurus.com)

2.14. THE RELATIONSHIP BETWEEN EMPLOYEE SATISFACTION, CUSTOMER SATISFACTION AND SERVICE QUALITY

Service companies have since recently focused on customers in order to improve competitiveness. Customer satisfaction is one of the important outcomes of marketing activity.Mick and Fournier; (1999).In the competitive banking industry, customer satisfaction is considered as the fundamental of success. Satisfying customers is one of the main objectives of every business.

The specific relationship between employee satisfaction, service quality and customer satisfaction has been the subject of a number of empirical studies. The relationship is often described as the 'satisfaction mirror' reinforcing the idea that business success results from employee satisfaction being 'reflected' in terms of customer satisfaction.Schlesinger

&Heskett, (1991); Norman & Ramirez, (1993); Liedtka et al, (1997). Whilst Silvestro and Cross, (2000) cast some doubts on the strength of the relationship, the balance of evidence suggests that employee satisfaction is a key driver of service quality. Voss et al, (2004), for example, find that 'employee satisfaction directly affects both service quality and customer satisfaction', whilst Vilares and Coehlo, (2003) are so convinced about the fit that they recommend changes to one of the existing customer satisfaction indexes (ECSI) to recognize the 'cause and effect relationship between employee behavior and customer satisfaction'.

As with customer surveys, staff surveys should be subject to due rigor with regard to their planning and execution. This means that objectives need to be clearly articulated, data sets specified and classification categories defined. It is particularly important to incorporate questions regarding aspects of customer service into staff surveys. For example, staff should be asked what they believe to be the appropriate expectations of customers with regard to the role that they and their department perform.

The interest in studying satisfaction and service quality as the antecedents of customer behavioral intentions in this paper has been stimulated, firstly, by the recognition that customer satisfaction does not, on its own, produce customer lifetime value,

Appiah-Adu, (1999).

Secondly, satisfaction and quality are closely linked to market share and customer retention Fornell, (1992); Rust and Zahorik, (1993); Patterson and Spreng, (1997). There are overwhelming arguments that it is more expensive to win new customers than to keep existing ones, Ennew and Binks, (1996); Hormozi and Giles, (2004). This is in line with Athanassopoulos, Gounaris and Stathakopoulos's, (2001) arguments that customer replacement costs, like advertising, promotion and sales expenses, are high and it takes time for new customers to become profitable. And lastly, the increase of retention rate implied greater positive word of mouth, Appiah-Adu, (1999), decrease price sensitivity and future transaction costs, Reichheld and Sasser, (1990) and, finally, leading to better business performance Fornell, (1992); Ennew and Binks, (1996); Bolton, (1998); Ryals, (2003). From the literature that has been reviewed so far, customer satisfaction seems to be the subject of considerable interest by both marketing practitioners and academics since 1970s (Churchill and Surprenant, (1982); Jones and Suh, (2000). Companies and researchers first tried to measure customer satisfaction in the early1970s, on the theory that increasing it would help them prosper, Coyles and Gokey, (2002). Throughout the 1980s, researchers relied on customer satisfaction and quality ratings obtained from surveys for performance monitoring, compensation as well as resource allocation, Bolton, (1998) and began to examine

further the determinants of customer satisfaction, Swan and Trawick, (1981); Churchill and Surprenant, (1982); Bearden and Teel, (1983). In the 1990s, however, organizations and researchers have become increasingly concerned about the financial implications of their customer satisfaction Rust and Zahorik, (1993); Bolton, (1998). While satisfaction has been examined by many researchers in different industries,Fornell, (1992); Anderson and Sullivan, (1993); Bolton, (1998); Caruana, (2002); Ranaweera and Prabhu, (2003), service quality is also likely to influence consumer behavioral intentions,Bitner, (1990); Cronin and Taylor, (1992, 1994); Choi et al., (2004). As, Cronin, Brady and Hult, (2000) stated that examining only one variable at a time may confound the understanding of consumer decision-making and this may lead to inappropriate marketing strategies. This view is supported by Caruana, (2002) and it is crucial to study the effect of other constructs such as quality on behavioral intentions in addition to customer satisfaction. Hence, this study incorporated service quality into the model in examining customer's satisfaction in the Banking context.

From all the above studies, it can be observed that customer satisfaction has a direct effect on the financial performance of a firm,Ittner&Larcker, (1998); Smith & right, (2004). Such a positive association between customer satisfaction and financial performance is explained by a number of studies to be a result of less customer switching, more loyalty, less price sensitivity, and positive word-of-mouth advertising, Kim, Park, &Jeong, (2004); Homburg &Giering, (2001);Garvin, (1988).

2.15. THE MODELS OF CUSTOMER SATISFACTION

The KANO Model: The customer satisfaction model from N. Kano is a quality management and marketing technique that can be used for measuring client happiness. Kano's model of customer satisfaction distinguishes six categories of quality attributes, from which the first three actually influence customer satisfaction:

1) **Basic factors**: - these factors are the minimum requirements that are required in a product to prevent the customer from being dissatisfied. They do not necessarily cause satisfaction but lead to dissatisfaction if absent. These are those factors that lead to the fulfillment of the basic requirement for which the product is produced. These constitute the basic attributes of the product or service. They thus have a low impact on satisfaction even though they are a prerequisite for satisfaction.

2) **Performance factors:** - these are the factors that lead to satisfaction if fulfilled and can lead to dissatisfaction if not fulfilled. These include reliability and friendliness.

3) **Excitement factors:** - these are factors that increase customers' satisfaction if fulfilled but does not cause dissatisfaction if not fulfilled which include project management. These factors surprise the customer and generate 'delight'. Using these factors, a company can really distinguish itself from its competitors in a positive way.

a) The Service Expectation Model:

Customer satisfaction with a service/product (p/s) can be measured through a survey of the actual perception of the users or otherwise comparing their actual perception with their expectations. More appropriately in the first case "quality" is considered, in the second "customer satisfaction" (CS), Cronin et al., (1992). Therefore to measure Customer Satisfaction we have to compare the evaluations of the user with his expectations connected to an ideal product/service. For some kinds of product/service such expectations are typically "subjective", they have to be gathered ad hoc; for others they can be suggested by the provider the p/s referring to an optimum p/s; in this way the expectations are collected in an "objective" way.(degree course)

b) The Profit –Chain Model:

Research has shown that organizational subunits where employee perceptions are favorable enjoy superior business performance. The service profit chain model of business performance Heskett, Sasser, & Schlesinger, (1997) has identified customer satisfaction as a critical intervening variable in this relationship.(profit-chain model) A number of researchers have found that revenue-based measures of business unit performance, for example, sales and profitability, are significantly correlated with employees' work-related perceptions. The evidence suggests that business units in which employees' collective perceptions are relatively favorable perform better. Stated simply, the service profit chain asserts that satisfied and motivated employees produce satisfied customers and satisfied customers tend to purchase more, increasing the revenue and profits of the organization. The second crucial element of the service profit chain is the link between customer satisfaction and financial performance. Management theorists and chief executives have often argued that superior business performance depends critically on satisfying the customer,Heskett et al., (1997); Peters & Waterman, (1982); Watson, (1963).Consumer researchers have established that customers who are satisfied with a supplier report stronger intentions to purchase from that supplier than do dissatisfied customers, Anderson & Sullivan, (1993); Mittal, Kumar

&Tsiros, (1999); Zeithaml, Berry, &Parasuraman, (1996). However, as noted by Verhoef, Franses, and Hoekstra, (2001), the link between customer satisfaction and actual, as opposed to intended, purchase behavior is less well established. Indeed, the results are mixed, with both positive findings, e.g. Bolton, (1998); Bolton & Lemon, (1999) and null findings (e.g. Hennig-Thurau& Klee, (1997); Verhoef et al., (2001).

2.16. THEORETICAL FRAMEWORK OF THE STUDY

Sales and customer support are the marketing functions that deal directly with serving customers. Whether serving customers on the phone, in a store or door-to-door, service quality is crucial in sales and customer service departments. Service quality can be a major stimulus for word-of-mouth advertising, whether positive or negative, and it can encourage or discourage repeat purchases. Knowing how to manage service quality in marketing can help you offer a valuable and competitive customer experience.

Service quality and customer satisfaction have long been recognized as playing a crucial role for success and survival in today's competitive market. The quality and satisfaction concepts have been linked to customer behavioral intentions like purchase and loyalty intention, willingness to spread positive word of mouth, referral, and complaint intention by many researchers, Olsen, (2002); Kang, Nobuyuki and Herbert, (2004); Söderlund and Öhman, (2005).

In today's fast-paced and increasingly competitive market, the bottom line of a firm's marketing strategies and tactics is to make profits and contribute to the growth of the company. Customer satisfaction and service quality are global issues that affect all organizations, be it large or small, profit or non-profit, global or local. Providing excellent service quality is widely recognized as a critical business requirement, Voss et al, (2004); Vilares&Coehlo, (2003) Van der Weile et al, (2002). It is 'not just a corporate offering, but a competitive weapon', Rosen et al, (2003) which is 'essential to corporate profitability and survival', Newman & Cowling, (1996).However, service quality, particularly within the Services sector, remains a complex concept and there is little consensus as to the drivers for effective delivery, Voss et al, 2004; Johnston, (1995).As many industry sectors mature, competitive advantage through high quality service is an increasingly important weapon in business survival. The Banking industry has certainly not been exempted from increased competition or rising consumer expectations of quality. In Ethiopia, the Banking industry is undergoing a dramatic transformation and experiencing heightened competition.

2.17. CONCEPTUAL FRAMWORK OF THE STUDY

The conceptual framework indicates the crucial process, which is useful to show the direction of the study. The study shows the relationship between the five service quality dimensions (reliability, responsiveness, assurance, empathy and tangible) and customer satisfaction.

To this end, the aim of this section is to summarize the idea got from previous literature and to bring out the contributions for this study area. Thus this part starts with the idea generated and the contribution follows. The general idea from the past literature is that there is a relationship between customer satisfaction and service quality; also that service quality could be evaluated with the use of five service quality dimensions and the most useable is the SERVQUAL scale. Thus, customers in this paper are those who consume the services, satisfaction denotes customer's desire to maintain a business relationship with the organization and it is also the feelings of the customers towards the services provided to them by the organizations; while customer satisfaction in this study is the pleasures obtained by customers for the services provided to them by the employees of the organizations.

Moreover, the SERVQUAL model has been proven to be the best model to measure service quality in service sectors especially with the customer perspective. This idea generates an assumption that the five dimensions of SERVQUAL model could have a direct relationship with customer satisfaction. The questions that arose from this assumption are that ´Is there a significant relationship between customer satisfaction and service quality dimensions? 'Is there a significant relationship between customer satisfaction and service quality? ` Also, it has been stated that service quality is the overall assessment of a service by the customers,Eshghi et al., (2008), p.121. Also, the five dimension of SERVQUAL model has been proven to be the main yardstick used by most of the researchers in the evaluation of service quality Wilson et al., (2008), p. 79; Bennett&Barkensjo, (2005, p. 101), Negi, (2009); Wang &Hing-Po,(2002).

Also the study focuses on gap 5(Figure 2 below) which represents the difference between customers' expectation and perceptions which is referred to as the perceived service quality.

If customers agree that they are satisfied and give the reasons for satisfaction as service quality; service quality dimension has significant relationship with customer satisfaction, then a conclusion could be drawn that service quality has a significant relationship with customer satisfaction and with service quality dimensions. Based on these, the research hypotheses

were on the fact that service quality dimension had significant relationship with customer satisfaction.

Figure 2: service quality dimensions

```
┌─────────────────┐      ┌─────────────────┐
│  Reliability    │      │                 │
│                 │      │  EXPECTATION    │───┐   ┌──────────────┐   ┌──────────────┐
│ Responsiveness  │      │                 │   │   │ PERCIEVED    │   │ CUSTOMER     │
│                 │──┐   └────────┬────────┘   │   │              │   │ SATISFACTIO  │
│  Assurance      │  │   GAP 5    │            ├──▶│ SERVICE      │──▶│ N            │
│                 │  ├──▶         ▼            │   │ QUALITY      │   │              │
│  Empathy        │  │   ┌─────────────────┐   │   └──────────────┘   └──────────────┘
│                 │  │   │                 │   │                            ▲
│  Tangibles      │  └──▶│  PERCEPTION     │───┘                            │
│                 │      │                 │                               │
└────────┬────────┘      └─────────────────┘                               │
         │                                                                 │
         └─────────────────────────────────────────────────────────────────┘
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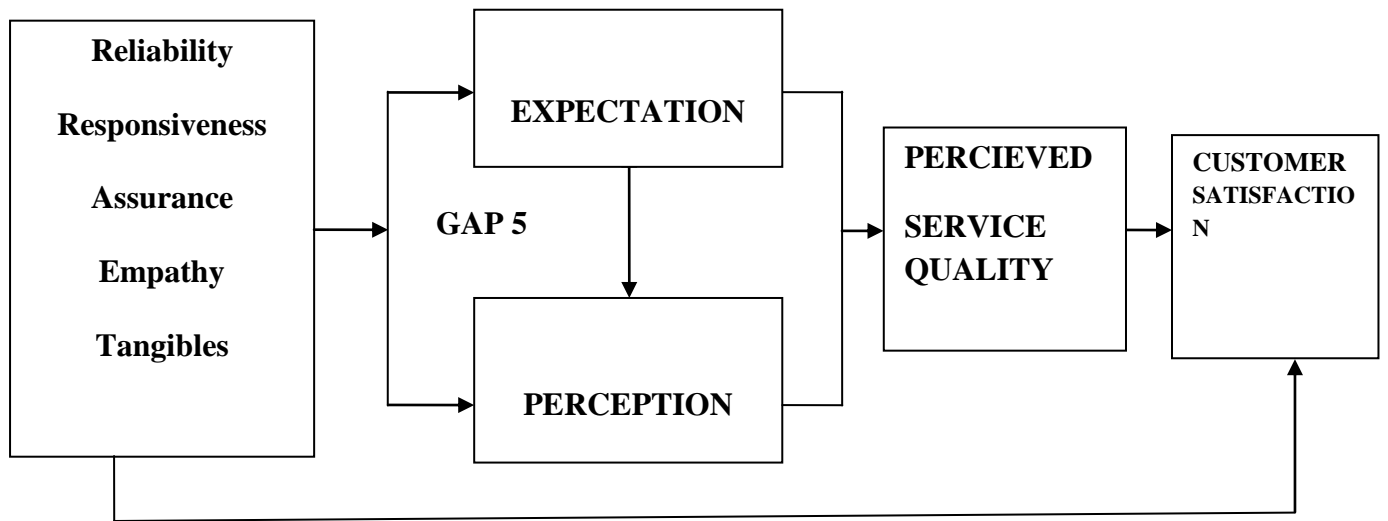
Source: Cronin, J. J., Brady, M. K., and Hult, G. (2000) and BeliyuGirma, Addis Ababa University (2012)

The difference between expectations and perceptions is called the gap which is the determinant of customers' perception of service quality.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

RESEARCH METHODS, DESIGN AND PROCEDURES

3.1.   RESEARCH METHOD

In this study structured questionnaire have been used to collect data. The questionnaire has two parts. The first part of the questionnaire was about the demographic characteristics of respondents. The second section designed to measure the customers' expectation and perceptions about the bank service delivery system including customer's satisfaction. The researcher used 5 point Likert scale to measure the variables:-

- ✓ Service quality has been measured by using SERVQUAL items developed by Zeithaml, Berry, and Parasuraman.
- ✓ "Customer satisfaction is measured by using a single scale item. The single scaleitem adapted from Jamal and Naser, (2002); Mittal and Kamakura, (2001) andCronin and Taylor, (1992)", As cited by Siddiqi;(2010).

3.2.   RESEARCH DESIGN

The researcher used descriptive and explanatory research design. Descriptive research was employed as a main research method of this study and used to describe the quality of service delivery and its effect on customer satisfaction. As described by Suryabrata, (2003) descriptive method is a method that describes the study systematically, factually and accurately utilizing facts, behaviors and relationship between the phenomenons's being studied. Ascited by,Naik et al; (2010) the researchers also used explanatory research design since the researcher has explained the relationship between the service quality variables and customer satisfaction and how these dimensions affect customer satisfaction. It is somewhat exploratory in nature since the researcher has explored the relationship between service quality variable and customer satisfaction based on the previous theory to develop a better understanding about the research area. The emphasis here is on studying a situation or a problem in order to explain the relationship between variables. The objective with this kind of research is to analyze cause-effect relationship, explaining what causeproduces what effect.

3.3. SAMPLING METHOD AND SAMPLE SIZE

The target population of this study was customers of Construction and Business bank S.C who have current and saving accounts in the bank. According to my preliminary assessment Construction and Business bank has 39 branches in Addis Ababa. Due to geographic and resource constraint to study the overall outlying branch the researcher choose four branches by using simple random sampling (lottery sampling). The rationale of administering this technique is because according to Geoffrey, (2005), simple random sampling method involves selecting at random from a list of the population (a sampling frame) the required number of subjects for the sample. According to the information from the selected branch managers, Megenagna square (885), Kazanchis, (597),Jemo (2095) and Megenagna 24 branch (1200) in a total of 4777 registered customers.

As cited in Glenn, (2012), there are several approaches to determine the sample size, this Include using a census for small populations, imitating a sample size of similar studies using published tables and applying formula to calculate a sample size. Among all these alternatives, this study prefers the formula derived by Yamane, (1967) cited in Glenn, (2012), rule of thumb, based on the information from the data, for the population of 4777 at 7% margin of error and 93% confidence level the sample size is 196.

$$n = \frac{N}{1 + N(e)^2}$$

Where n =sample size, N =population size, e =level of precision given that 93% confidence level and P = ±7% are assumed.

$$n = \frac{4777}{1 + 4777(0.07)^2} \, n = 196$$

The researcher took 196 as a sample. In addition selection of respondents were by convenience sampling (non - probability sampling).And to determine the sample size of the selected branch the researcher used one of the non- probability sampling technique i.e. proportional sampling. According to Catherine (2007), proportional sampling is a non-probability version of stratified sampling. The distinguishing feature of a proportional sampling is that guidelines are set to ensure that the sample represents certain characteristics in proportion to their prevalence in the population. Accordingly the sample for Megenagnasquare, Kazanchis, Jemo and Megenagna 24 branches was 36, 25, 86 and 49 respectively. The method of calculation is as follows;

Megenagnasquare branch $\frac{885}{4777}$ =0.185 (Percentage out of the total population)

0.185*196=36 (No. of respondents out of the total sample size)

Kazanchis branch $\frac{597}{4777}$ =0.125 (Percentage out of the total population)

0.125*196 =25 (No. of respondents out of the total sample size)

Jemo branch $\frac{2095}{4777}$ =0.439 (Percentage out of the total population)

0.439*196= 86 (No. of respondents out of the total sample size)

Megenagna 24 branch $\frac{1200}{4777}$=0.251 (Percentage out of the total population)

0.251*196 = 49 (No. of respondents out of the total sample size)

3.4. METHOD OF DATA COLLECTION, SOURCES AND METHOD OF DATA ANALYSIS

3.4.1. METHOD OF DATA COLLECTION

In this study both primary and secondary data are used. The primary data is collected through a self-administered questionnaire based on service quality dimensions, which is adapted from Parasuraman et al. (1985, 1988). A questionnaire was prepared to get idea about the customers' experience on service. For understanding the importance and satisfaction of each service quality dimensions a 5-scale questionnaire was used (1=very satisfied, 2=dissatisfied 3=neutral, 4=satisfied 5=very unsatisfied).

The questionnaire was translated in to Amharic and has two parts the first part would be relating to demographic profile of respondents, the second part also about the perception towards service quality dimensions of Construction and Business Bank S.C. The secondary data about customer satisfaction and service quality is collected from journals, books, and articles and from different research previously done.

3.4.2. SOURCES OF DATA

The sources of data are both primary and secondary sources. Primary sources of data were gathered from respondents. Secondary sources of data were from different books, journals, websites and documents related with, service quality and customer satisfaction.

3.4.3. METHOD OF DATA ANALYSIS

The data collected from respondents through questionnaire have been analyzed by using SPSS. The collected data from primary and secondary source have been clearly presented by using tables which are expressed in the form of frequency, percentage, mean and standard deviation. To examine the relationship between customer satisfaction and each of the five dimensions reliability method, descriptive statistics, Pearson's Correlation and GAP analysis were used. Moreover, multiple regressions was also used to identify the most important factors of SERVEPERF dimensions that contribute to customer's satisfaction or to find out which variables have the greatest influence on customer satisfaction. The researcher described and analyzes each findings of the study clearly.

3.5. RELIABILITY AND VALIDITY

Validity defined as the extent to which data collection method or methods accurately measure what they intended to measure. To ensure the validity of the study: Data will be collected from the reliable sources, from respondent who has experiences in using the service of the bank, and survey question were made based on standardized questioners which developed by Parasuraman et al. (1985, 1988). Furthermore this study will test and examine by the advisor and other colleagues to determine its clarity. The reliability of the research instrument (structured questionnaire) was measured by the cronbach's alpha.

3.6. DESCRIPTION OF VARIABLES AND MEASUREMENTS

•Dependent variable: customer satisfaction
•Independent variable: five dimensions of service quality

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION

4.1. DATA ANALYSIS

This chapter presents analysis, interpretation and findings of information collected through self-administered questionnaires with 196 randomly selected customers of CBB. To summarize the data collected from respondents through questionnaire have been analyzed by using reliability method, descriptive statistics, correlation, and regression data analyze techniques.Demographic characteristics are summarized by using frequencies and percentages for all variables including age, sex and work experience.

The analysis is based on the information obtained from 196 customers.o to customers of the bank. Out of these 196 questionnaires distributed to customers180questionnaires were collected back. From these only 180were properly filled. Thus, the analysis is based on the valid 180 questionnaires response from customers. The rest are not correctly filled (10) and not returned (6) the following table shows the response rate.

Table 1: Response rate of questionnaires administered

	customers		
	Correctly filled and returned	Not correctly filled	Not returned
Number	180	10	6
Percentage	91.84	5.1	3.06

Source: Researcher's survey finding (2014)

As shown on table1, 91.84% out of 180 respondentshave properly filled the questionnaires, and rest5.1% and 3.06% questionnaires are not filled correctly and not returned respectively. From this one can conclude that the respondent'srates are enough for the analysis.

4.2. RELIABILITY ANALYSIS

Cronbach's alpha reliability analysis was conducted on the independent variables in order to determinethe reliability of the instrument used. Nunnally, (1978) has suggested 0.70 as the acceptable level for reliabilitymeasure. Alpha values ranged from 0.832 to 0.929, thus indicating an acceptable level of reliability.

Table 2: Results of reliability statistics

Variable	Cronbach's alpha	No of item
Tangibility	0.721	4
Reliability	0.748	5
Responsiveness	0.729	4
Assurance	0.708	4
Empathy	0.624	5
Overall service Quality	**0.849**	**5**

Therefore, as stipulated on table2 above, the SPSS result shows that the questionnaire's reliability for each variables is 0.721, 0.748, 0.729, 0.708, 0.624 and 0.849 for overall service qualityCronbach's Alpha. According to table 2, Cronbach's Alpha results of .849 for the five items are above the suggested threshold of .70. The results show internal consistency between variables.

4.3. DESCRIPTIVE ANALYSIS

After the collection of the questionnaires from the respondents, the researcher explored the level of customers' expectation and perception towards service quality of the bank in five areas: tangibility, reliability, responsiveness, assurance and empathy. Besides using descriptive statistics of mean and standard deviation, gap analysis is used in comparing means between expectation and perception score of the respondents and the data are analyzed using SPSS program (statistical software package). Descriptive analysis was performed in order to examine respondent perceived satisfaction on observed variables.

4.3.1. DEMOGRAPHIC PROFILE

Table 3: Demographic characteristics of the respondents

Characteristics	frequency	percentage
Sex		
Male	94	52.2
Female	86	47.8
Age		
18-30	57	31.7
31-45	84	46.7
>45	39	21.7

Source: Researcher's survey finding (2014)

As we can observe from table 3 above, out of the total of 180 respondents 52.2% are male and 47.8% of them are female. Regarding the age of the participants, the largest age group (46.7%) is in the 31-45 age group. The second largest age group (31.7%) is in the 18-30 years age group and 21.7% of the respondents are above 45 age group.

Table 4: Respondents based on Educational level

Level of Education	Frequency	Percentage
Primary school	12	6.7
Secondary school	49	27.2
First degree(BA)	81	45.0
Second degree & above	38	21.1

Source: Researcher's survey finding (2014)

As we can see from the table, 12(6.7%) have a primary school background, 49 (27.2%) of them have a secondary school qualification, 81 (45%) have of them have a bachelor degree (BA) and 38 (21.1%) of them have second degree(MA) and above.

Table 5: Respondents based on the type of account

		Frequency	Percent (%)
Valid	Saving Account	126	70
	Current Account	54	30
	Total	180	100
Valid	Below one year	49	27.2
	Above one year	131	72.8
	Total	180	100

Source: Researcher's survey finding (2014)

As shown on the table 5 above, the majority (70%) of the respondents have saving account in the bank the remaining 30% have current account. Regarding on the number of years, 72.8% of the respondents are above one year and 27.2% are below one year. From this one can draw a conclusion that mostof the respondents have experience with the bank and served for the long years.

4.3.2. OVERALL CUSTOMER SATISFACTION RATING

Table 6: Frequency of customer satisfaction

		Frequency	Percent (%)	Valid Percent (%)
Valid	Dissatisfied	10	5.6	5.6
	Neutral	50	27.8	27.8
	Satisfied	67	37.2	37.2
	Very satisfied	53	29.4	29.4
	Total	180	100.0	100.0

Source: Researcher's survey finding (2014)

Table 7: Descriptive analysis of customer satisfaction

	N	Minimum	Maximum	Mean	Std. Deviation
Customers overall satisfaction	180	2	5	3.91	.889

Source: Researcher's survey finding (2014)

In order to generate the overall score of customer service, respondents were asked to rate the level of their satisfaction on Likert's 5 point Scale. The responses of the question are shown on table 6the overall satisfaction of the respondents indicates that only 53 respondents (29.4%) were very satisfied, 67respondents (37.2%) were satisfied, 50 respondents (27.8 %) were neutral, and 10 respondents (5.6%) were dissatisfied. From the response one can observe that only 5.6% respondents who expressed their dissatisfaction, large number of respondents 37.2% have expressed that they are satisfied.

The mean score of the satisfaction 3.91(78.2%) out of maximum of 5 indicates that there is a lot of room for improving in the level of satisfaction.

4.4. LEVEL OF CUSTOMERS' EXPECTATION AND PERCEPTION ON SERVICE QUALITY IN CBB

This section presents the customers' expectation and perception towards service quality of CBB.Service quality is composed of tangibility, reliability, responsiveness, assurance and empathy. The respondents were asked to rate each statement concerning their expectation and perception of service quality of the bank.

As stated in the research methodology, Likert scale was used to measure the contribution of service quality dimensions for building customer satisfaction. The researcher has explored customers' expectation and perception levels towards service quality of the bank. The degree of satisfaction towards service quality of the bank is set from 1 to 5 (5 is from the highest expectation/satisfaction. whereas, 1 is the lowest expectation/satisfaction.)

The translation of level ranking is analyzed based on the following criteria of customers' satisfaction designed by Best (1977: 174)

The score between 1.00-1.80 mean lowest satisfaction (Lowest)

The score between 1.81-2.61 mean low satisfaction (Low)

The score between 2.62-3.41 mean average satisfaction (Average or Medium)

The score between 3.42-4.21 mean good satisfaction (High)

 The score between 4.22-5.00 mean very good satisfaction (Highest)

The average perceptions and expectations (on the scale from 1 to 5) of the proposed 21 service quality issues are rated by the respondents. The following table presents the item statistics, which is sorted by occurrences in the questionnaire.

Table 8: Item statistics

		Mean		GAP	Rank of
		Perceptio	Expectation	P-E	Dimension
1	The staffs provide the services with smiling.	4.31	4.06	0.25	16th
2	The bank's physical facilities (such as office layout, furniture etc.) are visually appealing.	4.22	3.72	0.5	10th
3	The staff have attractive appearance i.e. elegant, smart, etc	4.46	3.61	0.85	2nd
4	Materials associated with the service are visually appealing at construction and business bank	4.14	3.52	0.62	7th
5	The staff can provide you the services as promised	4.24	3.60	0.64	6th
6	The staff provide you accurate information	4.21	3.72	0.49	11th
7	The staff perform the service right at the first	4.22	3.55	0.67	5th
8	Construction and business bank will provide its services at the time it promises to do so.	4.15	3.48	0.67	5th
9	Construction and business bank insist on errors & free records.	4.24	3.48	0.76	3rd
10	The staff tells you exactly when services will be provided	4.33	3.60	0.73	4th
11	The staff give you prompt service	4.08	3.47	1.33	1st
12	The staffs are willing to help you	4.29	3.61	0.59	8th
13	Staff respond to requests promptly	4.06	3.42	0.64	6th
14	The behavior of employees of construction and business bank instillconfidence in customers.	4.00	3.58	0.42	14th
15	You feel safe in your transactions with construction and business bank.	4.04	3.54	0.5	10th
16	Employees of construction and business bank are consistently courteous with you.	4.03	3.56	0.47	12th
17	Employees of construction and business bank have the required knowledge to answer your questions.	4.06	3.42	0.64	6th
18	The bank has Convenient time management	4.28	3.83	0.45	13th

19	Construction and business bank gives you individual attention.	3.88	3.70	0.18	17th
20	The staffs show personal attention to you.	4.16	3.64	0.52	9th
21	The bank understands your best interest at heart.	4.18	3.83	0.35	15th

Source: Researchers' survey findings (2014)

Table 8 describes the respondents' response towards their perceptions of the service quality of CBB. The table also describes the mean score of the scale value for each of the item in the questionnaire. For each item/statement there is the mean Expectation (E) and the mean Perception (P) and the quality value is calculated by the formula: SQ=P-E.

Where SQ=Service Quality

    P= perception

    E= Expectation

The mean score in the table 8shows that the most important service quality dimensions that satisfy customers at the highest level are the staffs' attractive appearance that is elegant and smartness (m=4.46),trustworthiness which is the staff tells to the customer when the service is exactly provided (m=4.33), provision of the services with smiling (m=4.31), willingness the staff's to help the customers and convenient time management (m=4.29) and the banks' physical layout and staffs' perform the service at first time (m=4.22). Moreover, the customers are satisfied with all of the variables stated under each service quality dimensions.

Even if customers' satisfaction is at the highest and high level as described in the table 8 it is important to see what they expect from the bank and comparing their expectation with what they perceived is an important strategy to identify their level of satisfaction towards service quality dimensions of the bank.

4.5. RESPONDENTS' RESPONSE OF THEIR OVERALL SATISFACTIONS WITH SERVICE QUALITY

The questionnaire ended up with a five scale question about their view of the overall satisfaction they have experienced throughout their stay. That means, in order to know the overall customers' satisfaction one question is asked concerning customers' overall satisfaction of CBB.

Table 9: Overall Customer Satisfactions Level

Question	Mean	Std.deviation
Overall Customer Satisfaction	3.91	.889

Source: Researchers' survey findings (2014)

Table 10: Customer satisfaction concerningtangibility

	Tangibility Dimension	Mean		GAP
		Perceptio	Expectation	P-E
1	The staffs provide the services with smiling.	4.31	4.06	0.25
2	The bank's physical facilities (such as office layout, furniture etc.) are visually appealing.	4.22	3.72	0.5
3	The staff have attractive appearance i.e. elegant, smart, etc	4.46	3.61	0.85
4	Materials associated with the service (pamphlets or Statements) are visually appealing at construction and business bank	4.14	3.52	0.62
	Over all mean score	**4.28**	**3.73**	**0.56**

Source: Researchers' survey findings (2014)

Table 10indicates that overall satisfaction of expectation towards tangibility is at high level (3.73).Customer perception of tangibility dimension was ranked at the highest level (4.28). This implies that customers of the bank are satisfied because their perceptions are higher than what they expect from the bank. The table also shows that customers' expectation of tangibility dimension of service quality is high. In addition, customers' perception towards tangibility is at highest level. Therefore, tangibility dimension of service quality affects customers' satisfaction significantly.

Table 11: Customersatisfactions concerning reliability

Reliability Dimension		Mean		GAP
		Perception	Expectation	P-E
5	The staff can provide you the services as promised	4.24	3.60	0.64
6	The staff provide you accurate information	4.21	3.72	0.49
7	The staff perform the service right at the first time	4.22	3.55	0.67
8	Construction and business bank will provide its services at the time it promises to do so	4.15	3.48	0.67
9	Construction and business bank insist on errors & free records	4.24	3.48	0.76
	Over all mean score	**4.21**	**3.57**	**0.65**

Source: Researchers' survey findings (2014)

Table 11 above shows that, overall satisfaction of expectation concerning reliability dimension is high (3.57). Overall satisfaction of perception towards reliability dimension is also at the high level (4.21). Even though over all mean score of customers' perception is in the range of high customer satisfaction like that of customers' perception, what they expect is lower than what they perceived. This does not mean that they are not satisfied by the reliability dimensions of service quality of the bank. Sometimes customers' expectation is higher and there is time when they tolerate the service what we call zone of tolerance. In this case their satisfaction with reliability dimensions falls under the range of high customer satisfaction. Therefore, it is possible to say that customers are satisfied. Generally, since customers' expectations are high regarding reliability dimensions the managers should to work hard to enhance the quality of reliability dimensions.

Table 12: Customer Satisfactions Concerning Responsiveness

Responsiveness Dimension		Mean		GAP
		Perception	Expectation	P-E
10	The staff tells you exactly when services will be provided	4.33	3.60	0.73
11	The staff give you prompt service	4.08	3.47	1.33
12	The staffs are willing to help you	4.29	3.61	0.59
13	Staff respond to requests promptly	4.06	3.42	0.64
	Over all mean score	**4.19**	**3.53**	**0.82**

Source: Researchers' survey findings (2014)

The responsiveness dimension involves willingness to help customers and provide prompt services. It is essential that bank staffs are willing and able to help customers provide prompt service and meet customers' expectation.

Table 12 indicates that overall expectation towards responsiveness dimension was at the high level (3.53). The staffs willing to help customers received a high level ranking of expectation at 3.61. It is highly possible that customers are satisfied when they get a quick response/help from the bank. The table also shows that overall satisfaction of perception towards responsiveness was at a high level (4.19). Generally, customers' expectation and perception towards responsiveness of the bank falls under high level customer satisfaction.

TABLE 13: CUSTOMER SATISFACTIONS CONCERNING ASSURANCE

Assurance Dimension		Mean		GAP
		Perception	Expectation	P-E
14	The behavior of employees of construction and business bank instill confidence in customers.	4.00	3.58	0.42
15	You feel safe in your transactions with construction and Business Bank.	4.04	3.54	0.5
16	Employees of construction and business bank are consistently courteous with you.	4.03	3.56	0.47
17	Employees of construction and business bank have the required knowledge to answer your questions.	4.06	3.42	0.64
	Over all mean score	**4.03**	**3.53**	**0.51**

Source: Researchers' survey findings (2014)

The assurance dimension refers to the knowledge and courtesy of employees and their ability to inspire trust and confidence including competence, courtesy, credibility and security.

Table 13shows that overall expectation towards assurance dimension is at high level (3.53), in addition the behaviorof employees that instill confidence in customers ranking most important (3.58),followed by the employees that shows courtesy (3.56). This implies that most customers expect that the employee'sconfidenceand courteousness of the staff make them feel safe when they are served by the bank. The table also indicates that perception of assurance dimension ranked at high level (4.03), with which all assurance variables areimportant factor (high level).Therefore, the bank's front office staff must instillconfidence in customers and have the ability to inspire trust and self-reliance including competence and courtesy to satisfy customers.

Table 14: Customer Satisfactions Concerning Empathy

| | Empathy Dimension | Mean | | GAP |
		Perception	Expectation	P-E
18	The bank has Convenient time management	4.28	3.83	0.45
19	Construction and business bank gives you individual	3.88	3.70	0.18
20	The staffs show personal attention to you.	4.16	3.64	0.52
21	The bank understands your best interest at heart.	4.18	3.83	0.35
	Over all mean score	**4.13**	**3.75**	**0.38**

Source: Researchers' survey findings (2014)

The empathy dimension represents the provision of caring and individualized attention to customers including access or approachability and ease of contact, effective communication, and understanding the customers.

Table 14 shows that overall expectation concerning empathy dimension is at high level (3.75).Understanding customer's interest at heart and time management were considered the most important (3.83) expectation. This implies that the bank gives due attention to understand customer's interest and have convenient time management which is comfortable to customer. The table also indicates the overall perception of the empathy dimension which is at high level (3.75).

4.6. OVERALL CUSTOMER SATISFACTION TOWARDS SERVICE QUALITY

Table 15: Overall means score of customer satisfaction on service quality and the Gap between customers' expectation and perception

| | **Service Quality Dimensions** | **Mean** | | **GAP** |
		Perception	**Expectation**	**P-E**
1	**Tangibility**	4.28	3.73	0.55
2	**Reliability**	4.21	3.57	0.64
3	**Responsiveness**	4.19	3.53	0.66
4	**Assurance**	4.03	3.53	0.5
5	**Empathy**	4.13	3.75	0.38
	Overall mean score	**4.17**	**3.62**	**0.55**

Source: Researchers' survey findings (2014)

4.7. SUMMARY OF THE ANALYSIS

Techniques that the bank management could use in order to determine those area that need improvements would be to rank quality dimensions based on their importance(Expectation) and Performance (Perception) score or based on the gap score between perception and expectation. Thus it is necessary to find out whether customers pay more or less attention to certain aspects when they evaluate a bank's service delivery system.

As indicated in the table 15 above, perception is measured for each attribute separately, on a five point Likert scale. Based on these ratings, the researcher has obtained the performance (perception) scores for the five service quality dimensions, namely "Tangibility" (4.28), "Reliability" (4.21), "Responsiveness" (4.19), "Assurance" (4.03), and "Empathy" (4.13).

As for the expectation the researcher had decided to ask respondents to rate the expectation they had to the five dimensions on a five point scale. The results indicate that the most important dimension is"Empathy" (3.75), followed by"Tangibility" (3.73), "Reliability" (3.57), "Responsiveness (3.53), and assurance" (3.53) respectively. Therefore, the bank needs to give due attention to the "Responsiveness and Assurance" factors so that customers may have higher expectations helping the bank to improve.

The information in table 15, above enables us understand each dimension from expectation-perception perspective, as follows: "Tangibility", "Reliability" "Responsiveness, Assurance and "Empathy" dimension are average or medium expectation and fromall the five dimension tangibility hadthe highest perception level, the rest dimension namely, reliability, responsiveness, empathy and assurance had a high in performance. Even if these four dimensions had a high in performance stillboth "Assurance" and "Responsiveness" dimension are low in expectation and "Empathy" and "Assurance" are low in performance.

With the help of this information or findings, the researcher can conclude that immediate attention should be given by bank management to those items mentioned under the five service quality dimension and further investment should be directed towards its improvement. Moreover, if there are enough resources, the management should also consider those dimensions which have high perception to delight customers.

4.8. CORRELATION ANALYSIS

A correlation coefficient is a very useful means to summarize the relationship between two variables with a single number that falls between -1 and +1 Field (2005). A correlation analysis with Pearson´s correlation coefficient (r) was conducted on all variables in this study to explore the relationships between variables. To interpret the strengths of relationships between variables, the guidelines suggested by Field (2005) were followed, mainly for their simplicity. His classification of the correlation coefficient (r) is as follows: $0.1 - 0.29$ is weak; $0.3 - 0.49$ is moderate; and > 0.5 is strong. Correlation coefficients say nothing about which variable causes the other to change. Although it cannot make direct conclusion about causality, we can take the correlation coefficient a step further by squaring it (Andy, 2005). The correlation coefficient squared (known as the coefficients of determination, R^2) is a measure of the amount of variability in one variable that is explained by the other.

Table 16: Correlation between service quality dimensions with satisfaction by overall service quality

Pearson correlation	Tangibility	Reliability	Responsi-veness	Assurance	Empathy	Overall-customer	Overall service
Tangibility	1						
Reliability	0.685^{**}	1					
Responsive	0.630^{**}	0.706^{**}	1				
Assurance	0.549^{**}	0.602^{**}	0.619^{**}	1			
Empathy	0.258^{**}	0.336^{**}	0.462^{**}	0.447^{**}	1		
Overall customer satisfaction	0.326^{**}	0.475^{**}	0.460^{**}	0.530^{**}	0.290^{**}	1	
Overall service Quality	0.796^{**}	0.840^{**}	0.865^{**}	0.816^{**}	0.630^{**}	0.526^{**}	1
[**]correlation is significant at the 0.01 level (2-tailed)							

Table- 16 shows the relationship between the variables (Service quality dimensions and customer satisfaction).Based on the correlation result in the above table revealed that

tangibility/physical aspect, staff reliability, responsiveness and assurance had a strong relationship. As shown in above table tangibility had a strong relationship with reliability 0.685 (or 68.5%) followed by Responsiveness 0.630(or 63%), Assurance0.549 (or 54.9%) and weak relationship with Empathy 0.258 (or 25.8%).This indicates that tangibility has apositive leaner relationship with all dimensions except Empathy, This implies that the banks' physical facility, the attractive appearance of the staffs and the materials associated with the service has not strongly relates.

The table above also shows that correlation coefficient of Reliabilityhad a significance relationship with responsiveness (0.706) and assurance (0.602)and had moderate relationship with Empathy (0.336), which implies that the employees' ability to promise to do something in a certain time , their ability to do as promised and providing accurate information to the customer had a strongly relationship with employee's willingness to tell the time when they provide the service, ability of giving quick service for their customers, willingness of employees in helping customers and willingness of employees to respond for the customers question and the ability of employees' in instilling confidence in customers, safety of the banks transactional process, politeness of the employees and knowledge of employees to answer the customers' request.

Regarding the association of responsiveness with assurance and empathy, Pearson correlation reported that the relation is 0.619 and 0.462 respectively at a significance level of 0.01. Hence, it is possible to decide that the staffs willing to help customers, giving prompt service and respond customer's request quickly had a strong relationship with the ability of employees' in instilling confidence in customers, safety of the banks transactional process, politeness of the employees and knowledge of employees to answer the customers' requestand moderate relationship with the bank's time management (operation time), the employees' ability in giving individualized attention to customers, understanding the customers' best interest at heart and specific needs of customers.

The correlation result between assurance and empathy also revealed that assurance had a moderate relationship with empathy (0.447). This indicates that the ability of employees' in instilling confidence in customers, politeness of the employees and knowledge of employees to answer the customers' request are moderately relates to the bank's operation time, understanding the customers' best interest at heart and employee's ability in giving individualized attention to customers.

Furthermore, the above table 16shows that assurance and customer satisfaction had a high correlation of 0.530 and the value of $R2 = 0.28$. This indicates that variability in customer

satisfaction can be explained by assurance dimension which accounts 28%. Although assurance is highly correlates with customer satisfaction, it can account for only 28% of variation in customer satisfaction. 72% of variability in customers' satisfaction is explained by other factors. Still variability in customer satisfaction can be accounted by reliability (22.5%), responsiveness (21.2%), tangibility(10.6%) and empathy (8.4%).

Generally, assurance has been found to be significantly and positively correlated with customer satisfaction (r = .530**, p< .01), reliability is found to be significantly and positively correlated with customer satisfaction (r = .475**, p< .01), and responsiveness is found to be significantly and positively correlated with customer satisfaction (r = .460**, p< .01). Tangibility is found to be significantly and positively correlated with customer satisfaction (r = .326**, p< .01), and Empathy is found to be significantly and positively correlated with customer satisfaction (r = .290**, p< .01).

4.9. REGRESSION ANALYSIS

4.9.1. RELATIVE IMPORTANCE OF SERVICE QUALITY DIMENSIONS

Table 17: Results of multiple regression analysis

Coefficients [a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Adjusted R^2	F value with sig. .000
		B	Std. Error	Beta				
	(Constant)	3.529	.071		49.553	.000	.315	17.427
	Tangibility	-.125	.086	-.131	-1.454	.148		
	Reliability	.256	.105	.242	2.434	.016		
	Responsiveness	.141	.099	.141	1.420	.015		
	Assurance	.358	.085	.362	4.204	.000		
	Empathy	.016	.074	.016	.219	.827		

a. Dependent Variable: customers overall satisfaction

The relative importance of the significant predictors is determined by looking at the standardized coefficients. Assurance has the highest standardized coefficient (.326) and the lowest significance (.000), which is the best predictor.Analyzing the whole table results, the order of significance for predictors of overall customer satisfaction is reliability, responsiveness and, empathy. Tangibility has a negative beta coefficient this implies that tangibility is not important to predict.

4.9.2. THE MOST PREDICTOR OF OVERALL CUSTOMER SATISFACTION

The findings of the regression analysis reveal that the customers' perceived service quality provided by CBB and where by the overall evaluations of service quality was determined largely by five factors respectively; namely, "tangibility" such as dress properly, uniform is clean, provides the services with smiling, attractive appearance; "reliability" such as provide services as promised, accurate information, perform the service right at the first time, offer some help, keep records accurately; "assurance" such as required skill to perform service, product knowledge, speak appropriately, trustworthy, makes feel safe; "empathy" such as able to communicate effectively, shows personal attention, knows specific needs, convenient time management; and lastly "responsiveness" such as telling you exactly when services will be provided, give prompt service, willingness to help, and respond to requests promptly.

Table 18: predictors of Customer Satisfaction

Rank	Dimensions	Beta	T	Significance
1st	Assurance	.326	4.204	.000
2nd	Reliability	.242	2.434	.016
3rd	Responsiveness	.141	1.420	.015
4th	Empathy	.016	.219	.827
5th	Tangibility	-.131	-1.434	.148

Source: Researcher's survey finding (2014)

Regression model was applied to test how far the service quality had impact on customer satisfaction. Coefficient of determination- R2 is the measure of proportion of the variance of dependent variable about its mean that is explained by the independent or predictor variables Hair, et.al, (1998),higher value of R2 represents greater explanatory power of the regression equation. Therefore, a linear regression estimates the coefficients of the linear equation, involving one or more independent variables that best predict the value of the dependent variable.In multiple regressions we use an equation of

$Yi = (b0 + b_1X_1 + b_2X_2 + \ldots\ldots + bnXn) + Ei$ Where: y=the outcome variable b0=the coefficient of the first predictor (X0) b1=the coefficient of the first predictor (X1) bn=the coefficient of the nth predictor (Xn) Ei = the difference between the predicted and observed value of y for the ith participant.

Therefore, in this study the following multiple regressions were used:

$$CS_i = b_1 T_i + b_2 Rel_i + b_3 Res_i + b_4 As_i + b_5 Em_i$$
$$Y = 3.259 + (-.131x1) + .242x2 + .141x3 + .362x4 + .016x5$$

Where: $CS_i(Y)$ =customer satisfaction

$T_i(X1)$ = Tangibility $As_i(X4)$ = Assurance and

$Rel_i(X2)$ =Reliability $Em_i(X5)$ = Empathy

$Res_i(X3)$ = Responsiveness

In order to establish the impact that each dimension has on the dependant variable, the study checked the Standardized Coefficients.The impacts of "Assurance", "Reliability", "Responsiveness", "Empathy" and "Tangibility" on customers' satisfaction with the bank are .362, .242,.141,.016 and -.131 respectively,in their descending order indicating that Assurance has the highest impact on customer satisfaction. Therefore, CBB has to work hard to improve the tangibility and empathy dimensions in order to enhance the customer satisfaction level.

From this result, one can deduce that, assurance dimension is the major contributor of overall customer satisfaction, this implies that a one unit increase in assurance would lead to 0.362 unit (or 36.2%) increased in customer satisfaction provided that other variables being held constant.Similarly a one unit increase in reliability would lead to 0.242 units (or 24.2%) increase in customer satisfaction. Lastly, a one unit increase in responsiveness and empathy dimension would lead to0.141 and 0.016 (or 14.1% and 1.6%) increase in customer satisfaction respectively provided that other variables being unchanged. Therefore, superior performance on the most significance dimension that is assurance, reliability, responsiveness and empathymay be helpful in providing enhanced quality of service. While dimension like tangibility has a negative value which indicates that tangibility isnot significantly impact on customer satisfaction.Thus, we suggest that bank management should exert their efforts towards improving the "tangibility" dimension.

4.9.3. COEFFICIENT OF DETERMINATION

Table 19: Model Summary; Impact of Service Quality on Customer

Satisfaction

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.578ª	.334	.315	.736

 a. Predictors: (Constant), Service Quality

Above table shows the R^2 value of 0.334. It means that the service quality is contributing to the customer satisfaction by 33.4% and remaining 66.6 % can be attributed by other factors which are not studied, because they are beyond the scope of study.

4.9.4. TESTING FOR MODEL FIT

To test how well the regression model fits the data, ANOVA (analysis of variance) provides F value where F equals to mean square of explained data divided by mean square of residual data, Sekaran, (2003).

Table 20: Summary of ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	47.180	5	9.436	17.427	.000b
	Residual	94.214	174	.541		
	Total	141.394	179			

 a. Dependent Variable: Customers overall satisfaction

 b. Predictors: Service Quality

Similarly, ANOVA table provides information with the model summary (table 20).Depending on the ANOVA table, overall significance/acceptability of the model from a statistical perspective can be determined. As the significance value of F statistics shows a value (.000), which is less than $p < 0.05$, the model is significant.

4.10. HYPOTHESIS TESTING AND DISCUSSIONS

Proposed hypothesis are tested based on the results of the correlation analysis. By looking at the Sig.-value in Table 16, it is possible to interpret whether the particular independent variable has a significant relationship with the dependent variables. Two approaches can be used to test the significance level: either by comparing p-value and correlation coefficient. The rules of thumb for this study if P- value. < a = .05, H0 rejected, and conversely, if Sig. > a = .05, H0 was not reject(Accepted). Hypothesis is supported when the Sig. value is smaller than 0.05; and a null hypothesis is rejected when the Sig. value is equal or larger than 0.05 Pallant, (2010). Beta coefficients were used to evaluate the direction of each linear relationship (i.e. negative or positive). Therefore, interpretation of by comparing Sig and beta estimates preceded for each hypothesis.

Hypothesis #1

H1o: *Tangibility does not have a positive relationship with customer satisfaction in the selected construction and business bank in Addis Ababa.*

H1a: *Tangibility has a positive relationship with customer satisfaction in the* selected *construction and business bank in Addis Ababa.*

Regarding the association between tangibility and customer satisfaction, Pearsoncorrelation analysis reported that it has 0.326 at a significance level of 0.01 and a positive moderate relationship with customer satisfaction. Hence, it is possible to conclude that tangibles have a relationship with customer satisfaction in CBB. Therefore, the hypothesis is accepted. Going back to the definition of Tangible; 'physical facilities, equipment's and staff appearance' Parasuramanetal. (1988, p.23) had a positive relationship with customer satisfaction.

Hypothesis #2

H2o: *Reliability does not have a positive relationship with customer satisfaction in the selected construction and business bank in Addis Ababa.*

H2a: *Reliability has a positive relationship with customer satisfaction in the* selected *construction and business bank in Addis Ababa.*

Regarding the association between reliability and customer satisfaction, Pearsoncorrelation analysis reported that 0.475 at a significance level of 0.01 and had a positive moderate relationship with customer satisfaction. Hence, it is possible to conclude that reliability have positive moderate relationship with customer satisfaction in the bank. Therefore, the hypothesis is supported.

The study by Zeithaml and Bitner (2003) further revealed that it is very important to do the service right the first time; in case a service problem does crop up, by resolving the problem to the customer's satisfaction, the company can significantly improve customer satisfaction. However, companies fare best when they prevent service problems altogether and fare worst when service problems occur and the company either ignores them or does not resolve them to the customer's satisfaction.

Hypothesis #3

H3o: Responsiveness does not have a positive relationship with customer satisfaction in the selected construction and business bank in Addis Ababa.

H3a: Responsiveness has a positive relationship with customer satisfaction in the selected construction and business bank in Addis Ababa.

Regarding the association between responsiveness and customer satisfaction, Pearsoncorrelation analysisreported that the correlation Coefficients is 0.460 at a significance level of 0.01 and had a positive moderate relationship. Hence, it is possible to decide that responsiveness have moderately related with customer satisfaction in CBB. Therefore, the hypothesis is supported. When referred to the definition of responsiveness i.e. 'willingness to help customers and provide prompt service', Parasuraman et al., (1988, p. 23).Whereas, responsiveness has important factor, founded by Mengi (2009).

Hypothesis #4

H4o: Assurance does not have a positive relationship with customer satisfaction in the selected construction and business bank in Addis Ababa.

H4a: Assurance has a positive relationship with customer satisfaction in the selected construction and business bank in Addis Ababa.

Regarding the association between assurance and customer satisfaction, Pearsoncorrelation analysis reported that the correlation Coefficients is 0.530 at a significance level of 0.01; it has positive and strong relationship. Hence, it is possible to decide that assurance hadstrongly related with customer satisfaction in CBB. Therefore, the hypothesis is supported.

Assurance was found a valid variable for Construction and Business Bank and had a significant and positive relationship with customer satisfaction.

Hypothesis #5

H5o: Empathy does not have a positive relationship with customer satisfaction in the selected construction and business bank in Addis Ababa.

H5a: *Empathy has a positive relationship with customer satisfaction in the selected*

construction and business bank.

Regarding the association between empathy and customer satisfaction, Pearsoncorrelation reported that the Coefficients is 0.29 at a significance level of 0.01 even if it has a positive relationship the significance level is >0.05, Hence, it is possible to decide that empathy have a weak relationship with customer satisfaction in CBB. But, the hypothesis is supported.

In summary, according to their relationship and significance level the following table shows the approval and disapproval of hypothesis.

Table 21: Results of Hypothesis Based on Regressions Statistics

Hypothesis	Independent Variable	Correlation coefficients'	Dependent variable	Result
H1	Tangibility	0.326	Customer Satisfaction	Accept
H2	Reliability	0.475	Customer Satisfaction	Accept
H3	Responsiveness	0.460	Customer Satisfaction	Accept
H4	Assurance	0.530	Customer Satisfaction	Accept
H5	Empathy	0.290	Customer Satisfaction	Accept

[**]Correlation is significant at the 0.01 level (2-tailed)

The above table shows that variables that were tested by Pearson correlation statistical tests, which are three dimensions namely, tangibility, reliability and responsiveness have a positive and moderate relationship with customer satisfaction,whereas,assurance had a strong and significant relation with customer satisfaction in Construction and Business bank but, empathy has a weak relationship with customer satisfaction. Therefore, all the hypotheses that assumed earlier to accomplish the study were supported.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATION

In this chapter, an attempt is made to discuss the findings of the research based on empirical analysis of collected data by referring objectives of the study in a comprehensive way. As a result recommendations are given for the target company to tackle problem at hand.

5.1. MAJOR FINDINGS OF THE STUDY

☑ Comparison of the overall mean score indicates that the mean score of perception (m=4.17)is higher than expectation (m=3.62) in all dimensions, yielding a positive SERVQUAL gap. Hence, customers are satisfied with all dimensions of service quality, but dimension like, responsiveness and assurance have less expectation so it needs improvements on these dimension.

☑ Regarding on the overall satisfaction of the bank the result shows 37.2% of the respondents are satisfied and 29.4% of the respondents are very satisfied.

☑ Moreover, all dimensions portray positive gap values which signify that the actual perceived service exceeds the expected service. The findings of the study show the difference between expectation and perception, responsiveness and reliability are the most important dimensions with the highest positive gap (0.66 and 0.64) respectively

☑ The attributes perceived satisfactory performed are scattered between the five service quality dimensions. The most affirmatively perceived service quality dimensions are tangibility (4.28), followed by reliability(4.21) and responsiveness (4.19). However, empathy andassurance are less perceived value compared to the other dimensions.

☑ Assurance shows the highest positive correlation (r=.530**, p<0.01) with overall service quality and positively correlated with customer satisfaction and reliability demonstrates the second highest positive correlation(r=.475**, P<0.01) with overall service quality and positively correlates with customer satisfaction followed by responsiveness(r=.460).

☑ The relative importance of the significant predictors is determined by looking at the standardized coefficients. Assurance has the highest standardized coefficient and the lowest significance, which means assurance, is the best predictor. Assurance and customer satisfaction had a high correlation of .530 and the value of R2=.28.

This indicates that variability in customer satisfaction can be explained by assurance dimension which accounts 28%.

☑ The findings indicate that customers' perceptions vary according to the nature of service. In this case, the highest customers' perceptions are demonstrated in the tangibility area such asthe physical nature of the banks' equipment, cleanliness and attractiveness of the banks materials and staffs dress code and neatness in appearance, followed by reliability area such as the employees' ability to promise to do something in a certain time and their ability to do as promisedthe bank's capacity of showing genuine interest in solving customers' problems and responsiveness area such as employee's willingness to telling the time when they provide the service, ability of giving quick service for their customers and respond to requests promptly. On the other hand, the low perceptions comparing to the other dimensions are in the assurance area such as the ability of employees' in instilling confidence in customers, safety of the banks transactional process, politeness of the employees and knowledge of employees to answer the customers' request. Because of the wide variation of responses, the bank needs to consider the weak areas in order to meet customer requirement.

☑ The impacts of assurance, reliability, responsiveness, empathy and tangibility on customers' satisfaction with the bank are **.**362, **.**242, **.**141, **.**016 and -**.**131 respectively, in their descending order indicating that Assurance has the highest impact on customer satisfaction.

5.2. CONCULUSION

The main aim of this study was to asses and measures the level of customer's satisfaction and the service quality dimension rendered by the Bank. For this, the first three specific objective of the study was to identify the most important dimension of service quality that contributes much towards overall customer satisfaction in Construction and Business Bank, to investigate the relationship between service quality and customer satisfaction in CBB and to assess customer's expectation and perception level towards service quality of CBB in five dimensions: tangibility, reliability, responsiveness, assurance, and empathy

To achieve the first specific objective the researcher applied Multiple Linear Regression analyses, accordingly this study finds that assurance, reliability, responsiveness and empathy dimension of the service quality are significant and the most important dimensions respectively that dominantly affect customer satisfaction in the bank statistically significant

at ($p < 0.05$). However, even though the rest of the dimension that is tangibility is not statistically significant in the overall customer's satisfaction even it has negative correlation with customer's satisfaction on the service quality of CBB.

This necessitates the bank effort to exertion on the tangible variable to satisfy its customers to the acceptable level. In addition, R Square is 0.334 which means 34.4 percent of the variance in service quality is influenced by these variables. To identify the relationship between service quality and customer satisfaction in CBB Pearson correlation analysis was used. It was found that the four dimensions of service quality are important for customer's satisfaction in CBB except empathy dimension.For the reason that as it can be seen from the correlation analysis done, it is evident that all the five service quality dimensions have positive and significant correlation with customers' satisfaction. This result indicates that the bank place emphasis on all service quality dimensions. Thus it can be concluded that as these attributes increases from the bank, customer satisfaction also increases.

Finally, the overall mean score of perception and expectation with service quality reveal that it falls in the range of high level which is satisfactory. In addition to this the mean score of overall customer satisfaction towards overall service quality are above average which implies customers are satisfied with service delivered by the bank. And all hypothesis namely, tangibility, reliability,assurance, responsiveness andempathy are strongly supported.

5.3. RECOMMENDATION

Based on the results of the analysis the following recommendations are given which help CBB in service delivery system in order to narrow the gap might exist between customer perception and expectation and so as to increase customer satisfaction and delight them.

☞ According to the service profit chain model the satisfaction of employees/internal customers contributes indirectly for the satisfaction of external customers, Zeithaml and Bitnere, (2003).Therefore, the bank should give employees effective training, development skill and give incentive which enable them deliver prompt service to customers.

☞ The results reveal that "Responsiveness" (m=3.53), and "Assurance" (m=3.53) dimensions have less impact on customer satisfaction. Therefore, the bank should provide services according to these results. In order to achieve this, employees have to be well-trained and informed to provide services that exceed customer demand.

☞ As the results of the overall satisfaction of customers of the bank revealed that only 29.4% are very satisfied. Therefore, the Manager of the bank or administrative body needs to identify the primary quality determinants, clearly managing the customer expectation.

☞ "Assurance" has the lowest mean score both in expectation and perception. Since assurance was conceptualized as the employees' knowledge and courtesy, and the ability to inspire trust and confidence, such finding indicated that the perception fall far below the expectations, and that the ability of the staff to communicate trust and assurance to the customers is lacking.

☞ Tangibility is also being emerged to be as another important factor that determines CBB's customer's satisfaction. The bank should provide customer information material such as brochures should be well composed, and attractive, frontline personnel providing services should be neat, clean, and well dressed and give pleasing look and professionally appearing, its facilities and other equipment at sales outlets should be modern and up-to-date

☞ In addition to this as per the respondent's comments and also researcher's observation electronic banking becomes more prevalent, so construction and business bank needs intense investment on electronic banking service at points which can easily be accessible. For instance, ATMs should be installed and the bank should expand the number of branches so as to close to its customers.

☞ The bank should improve its network connection to access account at any branch of the bank. This will help in delivering quick and accurate services to customers as well as reducing the workload of frontline staff. Again this investment may also ensure convenient banking hours.

☞ Further more in the present competitive banking environment, most of the banks offer similar products/services around the world and service quality is a vital means to differentiate them in the market place. Therefore, to be successful, the bank must provide service to thecustomers that meets or exceeds their expectations, and the present study will provide at least some sorts of guidelines to the policy makers of the bank, to take right decision to improve the quality of services of the bank.

☞ Generally, the bank can benefit from the fact of knowing how customers perceive the service quality and knowing the way of how to measure service quality. Therefore, the management can use the specific data obtained from the measurement of service quality in their strategies and plans. This will help CBBs to better understand various service quality dimensions that affect overall service customer satisfaction. In this way, construction and business bank can better allocate resources to provide better service to their customers. Thus, understanding customer satisfaction with service quality is very important and challenging.

5.4. IMPLICATIONS FOR FURTHER RESEARCH

As the present research isan attempt to examinethe effect of service quality dimension on customer's satisfaction in a single firm, at Addis Ababa, therefore additional studies needed to be under taken to examine customer satisfaction patterns in other regions and with larger samples. Nevertheless, the researcher would argue that these findings provide additional insight into customers' perceived satisfaction within the banking domain. Results of this study should encourage strategy development for superior service quality management particularly in the areas of assurance and responsiveness. Training programs should be tailored equip staff with necessary skills to better serve the customers and ultimately to remain competitive in the market

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- http://www.qualitygurus.com/courses/mod/forum/discuss.php?d=1767

- http://businesscasestudies.co.uk

Appendix

Appendix–A

St.Marry University

School Of Graduate **S**tudies (MBA General)

The Effect of Service Quality Dimension on Customer Satisfaction:

The Case of Construction and Business Bank

የኮንስትራክሽንና የቢዝነስ ባንክ አ.ማ.
Construction & Business Bank S.C.

Questionnaire to be filled by Customer of Construction and Business bank

Dear Respondent,

The purpose of this questionnaire is to collect primary data for conducting a study on the topic of "The effect of service quality on customer satisfaction: The case of construction and business bank" for the partial fulfillment of the Masters of Business Administration (MBA) Program at

St.Marry University. I kindly request you to provide reliable information.

Your responses will be kept confidential.

                            Thank you in advance for your cooperation.

☐ N.B No need to write your name

☐ Put (√) inside the box or table for an alternative you think is right.

☐ Part I.   Personal information

1.1. Gender Male ☐ Female ☐

1.2. Age 18-30 years old ☐ 31-45 years old ☐

45 years old and above ☐

1.3. **Educational level** Primary school ☐ Secondary school ☐

First degree Second Degree and above ☐

.

3. **Type of account in the bank?**

☐ Saving account ☐ Current account

4. Number of years of service usage?

☐ Below one year ☐ Above one years

Part II: **Survey of your expectations and perceptions towards service quality of CBB.**

This survey deals with your opinion about Construction and Business Bank Service Delivery System. Please show the extent to which you expect and perceive the organization's offering -+services should possess features described by each statement. There is no right or wrong answers all I am interested in is a number that best show your expectations and perceptions about the Service Delivery System of Construction and Business Bank.

Based on this please put a tick (√) in the boxes which mostly explain your attitudes.
a) Level of **EXPECTATION** towards service quality of CBB
b) Level of **PERCEPTION** towards service quality of CBB
The score levels are described as:

    1-Strongly Disagree   **3- Neutral**

    2- Disagree   **4- Agree**

 5- Strongly Agree

DIMENSION	LEVEL OF EXPECTATION					LEVEL OF PERCEPTION				
Tangibility	**5**	**4**	**3**	**2**	**1**	**5**	**4**	**3**	**2**	**1**
1. The staff provides the services with smiling.										
2. The bank's physical facilities (such as office layout, furniture etc.) are visually appealing.										
3.The staff have attractive appearance i.e. elegant, smart, etc										
4.Materials associated with the service (pamphlets or Statements) are visually appealing at construction and business bank										
Reliability	**5**	**4**	**3**	**2**	**1**	**5**	**4**	**3**	**2**	**1**
5. The staff can provide you the services as promised										
6. The staff provide you accurate information										
7. The staff perform the service right at the first time										
8. Construction and business bank will provide its services at the time it promises to do so.										
9. Construction and business bank insist on errors & free records.										
Responsiveness	**5**	**4**	**3**	**2**	**1**	**5**	**4**	**3**	**2**	**1**
10. The staff tells you exactly when services will be provided										
11. The staff give you prompt service										
12. The staffs are willing to help you										
13. Staff respond to requests promptly										
Assurance	**5**	**4**	**3**	**2**	**1**	**5**	**4**	**3**	**2**	**1**
14. The behavior of employees of construction and business bank instills confidence in customers...										
15. You feel safe in your transactions with construction and business bank.										
16. Employees of construction and business bank are consistently courteous with you.										
17. Employees of construction and business bank have the required knowledge to answer your questions.										
Empathy	**5**	**4**	**3**	**2**	**1**	**5**	**4**	**3**	**2**	**1**

18.The bank has Convenient time management											
19. Construction and business bank gives you individual attention.											
20. The staff shows personal attention to you.											
21.The bank understands your best interest at heart.											
22.The staff knows your specific needs											

23. Customers overall satisfaction	Very satisfied	Satisfied	Neutral	Dissatisfied	Very Dissatisfied
Your overall satisfaction with the bank					

If you have any comment regarding the service quality of construction and business bank,

please   mention

it._____

_____

_____

Thank you for the time you have spent in completing this questionnaire!

Appendix –B

ቅድስት ማርያም ዩኒቨርሲቲ

የ ቢዝነስ አድሚኒ ስትሬሽን ትምህርት ክፍል

የ ባንክ አገልግሎት ጥራት እና የ ደንበኞች እርካታ ሁኔታለ መዳሰስ የ ተዘጋጀ መጠይቅ

ወድ የ ኮንስትራክሽንና ቢዝነስ ባንክ አ.ማ አገልግሎት ተጠቃሚዎች: -

ይህ መጠይቅ የ ተዘጋጀዉ በ ቅድስት ማሪያም ዩኒቨርሲቲየ ጄኔራል ቢዝነስ አድምንስትሬሽን ትምህርት ክፍል የ ድህረ ምረቃተማሪ ሲሆን አላማውም የ ኮንስትራክሽንና ቢዝነስ ባንክ አ.ማ የ አገልግሎት አሰጣጥ ጥራት እና በ ደንበኞች እርካታ ላይ ያለዉ ተጽእኖ በ ሜል ርዕስ ለ ማዴረግ ጥናት የ መጀመሪያ ደረጃ መረጃ ለ መሰብሰብ ነዉ:: የ ማሰ ጠት መልስ የ ማዉለ ዉለ ዚህ ጥናት አላማ ብቻ ነ ዉ::

ስለ ሆነ ም ከ ዚህ በ ታች ለ ቀረቡት ጥያቄዎች ትክክል ነ ዉ የ ማሉትን መልስ ይ ስጡ ዞ ን ድ በ ትህትና እ ጠይ ቃለ ሁ::

መመሪ ያ

- ስ ምዎን መጥቀስ አ ያ ስ ፈ ል ግም
- ት ክ ክ ል ነ ዉ የ ማሉትን መልስ በ ተዘጋጀዉ ሳጥን ዉስ ጥ (√) ምልክት አ ስ ቀምጡ::

ስ ለ ት ብ ብር ዎ በ ቅ ድ ሚ ያ አ መሰ ግ ና ሁ!!

ማን ኛ ወ ም ጥ ያ ቄ ካ ለ ዎ ት አ ባ ክ ዎ ን በ ስ ል ክ ቁ ጥር

+251-911-51-03-15 ማ ስ ረ ሻ ወ ን ድ ማ ገ ኝ ብ ለ ዉ ይ ደ ዉ ሉ: :

ክ ፍ ል 1: ለ ማ ክ ተ ሉ ት ጥ ያ ቄ ዎ ች መ ል ስ በ ሳ ጥ ን ዉ ስ ጥ የ (√) ም ል ክ ት ያ ስ ቀ ም ጡ

1.1 ፆታ

ወንድ ☐ ሴት ☐

1.2. እድሜ

ከ 18-30 ☐ ከ 31-45 ☐ ከ 45 እና በላይ ☐

1.3. የትምህርት ሁኔታ፡ አንደኛ ደ☐ ሁለተ☐ ደረጃ የመጀ☐ ድግሪ
ሁለተኛ ድግሪና ከዚያ በላይ☐

1.4. በባንኩ ያሉት የደንበኝነት አገልግሎት ?

የቁጠባ አካውንት☐ ከረንት አካውንት ☐

1.5. የ ባንኩን አገልግሎት ለምን ያክል ግዜ ተጠቅመዋል?

ከአንድ አመት በታች ☐ ከአንድ አመት በላይ ☐

ክፍል 2፡ የአገልግሎት ጥራት መለኪያዎች

በኮንስትራክሽንና ቢዝነስ ባንክ አ.ማ አገልግሎቶ ደንበኝነት ያለዎት ልምድ ላይ በመመስረት እባክዎን በባንኩ ስለሚያገኙት አገልግሎትና ስላላዎት አመለካከት ደረጃ ይስጡ፡ ከዚህ በታች የመገለጫዎቹ ዝርዝሮች ቀርበዋል፡፡ ስለ ኮንስትራክሽንና ቢዝነስ ባንክ አገልግሎት ስላላዎት አመለካከት አስመልከቶ ከ 1-5 ባሉት መመዘኛዎች አስተያየትዎን የሚገልጽ ቁጥር ላይ ምልክት ያድርጉ፡፡ እያንዳንዱ መገለጫእንደሚከተለው ደረጃ ተስጥቶታል፡

በጣም አልስማማም መካከለኛ እስማማለሁ
አልስማማም በጣምእስማማለሁ

1 2 3 4 5

የ አገ ልግሎት ጥራት መ ለ ጫዎች	ከባን ኩ			አገ ልግሎትየ ሚጠብቁት		የ ባን ኩን			አገ ልግሎት	
	(Expectation)					እንዴትአገ ኙት (Perception)				
ተጨ ጭሁኔ ታዎች (Tangibles)	5	4	3	2	1	5	4	3	2	1
1 የ ባን ኩ ሰ ራተ ኞች ፍጹም በ ፈገ ግታ ያ ስተና ግዳሉ::										
2 በ ባን ኩ የ ሚታ ዩ መ ለ ገ ያ ዎ ች (እ ን ደ ቢ ሮ አቀ ማመ ጥ፣ የ ቢ ሮ እ ቃ ዎ ች ወ ዘ ተ) አይ ታ ን የ ሚ ስ ቡ										
3 ሰ ራተ ኞች (frontline and Tellers) ጥሩ ልብ ስ ለ ብ ሰ ወና ን ፁ ህ ሆነ ው ይ ቀ ር ባ ሉ: :										
4 ለ ስ ራ የ ሚ ያ ገ ለ ግ ሉ ማ ቴ ሪ ያ ሎ ች እ ና መ ሳ ሪ ያ ዎ ች (እ ን ደ Pamplets , Forms) ከ ማ ቅ ቡ ት አገ ል ግ ሎ ት አ ይ ነ ት ጋ ር አ ብ ሮ የ ሚ ሄ ዱ ና ቸ ው:										
ታማ ኝ ነ ት (Reliability)										
5 ሰ ራተ ኞች (frontline & Tellers) በ አ ን ድ በ ተ ወ ሰ ነ ጊ ዜ ወ ስ ጥ የ ሆ ነ ን ነ ገ ር ለ መ ስ ራ ት ቃ ል ይ ገ ባ ሉ፣ እ ን ደ ቃ ላ ቸ ው ይ ፈ ጽ ማ ሉ: :										
6 የ ባን ኩ ሰ ራተ ኞች ት ክ ክ ለ ኛ መ ረ ጃ ለ ተ ገ ል ጋ ዬ										
7 አ ን ድ ደ ን በ ኛ ች ግ ር ካ ጋ ጠ መ ው የ አገ ል ግ ሎ ት ስ ጪ ው ሰ ራተ ኞች ች ግ ሩ ን ለ መ ፍ ታ ት ቀ ና ፍ ላ ጎ ት ያ ላ ቸ ው መ ሆ ና ቸ ው ያ ሳ ያ ሉ: :										
8 የ ባን ኩ ሰ ራተ ኞች አገ ል ግ ሎ ታ ቸ ው ን እ ን ደ ሚ ሰ ፅ መ ቃ ል በ ገ ቡ በ ት ጊ ዜ ያ ቀ ር ባ ሉ: :										
9 አገ ል ግ ሎ ት ሠ ጪ ው መ ዛ ግ ብ ቱ ን በ ት ክ ክ ል ይ ይ ዛ ል: :										

የ አገልግሎት ጥራት መገለጫዎች	ከባንኩ አገልግሎትየ ሚጠብቁት (Expectation)					የ ባንኩን አገልግሎት እንዴትአገኙት (Perception				
ምላሽ ሰጪነት(Responsiveness)	5	4	3	2	1	5	4	3	2	1
10	የባንኩ ሰራተኞች አገልግሎት የሚከናወንበትን ጊዜ በትክክል ለደንበኞች ያሳውቃሉ፡፡									
11	በአገልግሎት አቀራረብ ወስጥ የሚከተቱ ሰራተኞች ለደንበኞች ቀልጣፋ አገልግሎት ይሰጣሉ፡፡									
12	ሰራተኞች ደንበኞችን ለመርዳት ፈቃደኞች ናቸው፡									
13	የባንኩ ሰራተኞች የደንበኞችን ጥያቄዎች በፍጥነት ለመመለስ ይተጋሉ፡፡									
እስተማማኝነት(Assurance)										
14	የ ሰራተኞች ባህሪ በደንበኞች ወስጥ እምነት እን ዲዮር ያየርጋል፡፡									
15	ደንበኞች የአገልግሎት ጥያቄዎች በደንብ (በአግባቡ) ክትትል እየተደረገባቸው መሆኑን መተማመን ይሰማቸዋል፡									
16	የባንኩ ሰራተኞች ለደንበኞች በወጥነት ትህትናን ያሳያሉ፡፡									
17	የባንኩሠራተኞች የደንበኞችን ጥያቄዎች ለመመለስ በቂእውቀት አላቸው፡									
የ ችግር ተካፋይነት(Empathy)										
18	የባንኩየ ስራ ሰዓት ለደንበኞች ምቹ ነው፡፡									
19	የባንኩ ሰራተኞች የደንበኞችን ልዩ ፍላጎት									
20	የባንኩ ሰራተኞች የደንበኞችን ትክክለኛ ፍላጎት ተቀብለ ውያስተናግዳሉ፡									
21	የኮንስትራክሽንና ቢዝነስ ባንክ የደንበኞቹን ልዩ ፍላጎት በትክክል ይረዳል፡፡									
የ ደንበኛዉ አጠላላይ እርካታ(overall satisfaction)	በጣም ረክቻለሁ		ረክቻለሁ		መካከለኛ		አረካሁም		በጣም አረካሁም	
22	በባንኩ አጠቃላይ አገልግሎትያለዎት እርካታ									

ስለባንኩአገልግሎትሌላተጨማሪየ ሚ�_ጠትእስተያየ ትካለ፤

_____

_____

_____

አመሰግናለሁ!!

DECLARATION

I, Masresha hereby declare that the project entitled "***The Effect of Service Quality Dimensions on Customer Satisfaction": (The Case of Construction and Business Bank):*** is my original work and has not been presented for a degree in any other university and that all sources of material used for the project have been duly acknowledged.

Declared by:

MasreshaWondmagegne   January, 2014

StudentSignature Date

Confirmation by Advisor

Abdurezak. M (DR.) January, 2014

Advisor   **signature**   **Date**

CERTIFICATION

This is to certify that Mr. MasreshaWondmagegne has completed his project work entitled *The Effect of Service Quality Dimensions on Customer Satisfaction": (The Case of Construction and Business Bank)*

As I have evaluated, his project is appropriate to be submitted as a partial fulfilment requirement for the Award of Degree in Masters of Business Administration (MBA).

Project Advisor: _____

Abdurezak.M(DR.)

Signature and Date