

A Comparative Study of Service Quality Provision between Public/Government banks and Private Banks

Case Study: Commercial Bank of Ethiopia, Dashen Bank Share Company,
And Awash International Bank Share Company

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St. Mary University
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A comparative study of service quality provision: b/n Public and private Bank the case of
Dashen Bank, Awash International Bank and Commercial Bank of Ethiopia

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ABSTRACT

The banking industry in Ethiopia is now booming due to the liberalization policy, a total of nineteen banks are now licensed to give financial services in Ethiopia and the competition is becoming intensive so that banks are now trying to achieve competitive advantage by differentiating their service quality provision through implementing different strategies. In this study, an attempt was made to assess and compare the similarities and differences of private and public banks service quality provision as perceived by customers in terms of the tangibility, reliability, responsiveness, assurance and empathy service quality dimensions. Cross sectional in descriptive manner was employed to meet the objective of the research and data were collected using close ended questionnaires which incorporate demographic and service quality measurement dimensions adopted from SERQUAL model. A sample of 380 respondents was taken using systematic sampling technique from branches of Dashen Bank, Awash International Bank and Commercial Bank of Ethiopia found in Addis Ababa. The collected data from the customers was analyzed using descriptive and inferential statistical tools like Frequency, mean, T-test. The results of the study revealed that there is a significant service quality perception difference among customers of the each banks on the reliability, responsiveness, assurance and empathy service quality dimensions by which Dashen Bank and Awash international Bank is higher than the Commercial Bank of Ethiopia. However, with regard to tangibility there is no significant difference between the Private and Publically Owned banks. Therefore both banks have to understand the changing needs of customers, their aspirations and expectations to create value. The Banks should also have a strong customer relationship management and be able to understand the customers' needs while interacting with them.

Key words: *Customers, Services, Service quality*

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ACRONYMS

SERVQUAL-Service Quality Measurement

S.C- Share Company

CBE-Commercial Bank Ethiopia

AIB-Awash International Bank

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ABSTRACT

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CHAPTER ONE

1. Introduction

1.1. Background Of The Study

Across all service industries, the issue of service quality remains a critical one as businesses strive to maintain a comparative advantage in the marketplace.

Financial services, particularly banks, compete in the marketplace with generally homogenous products, service quality turn out to be a primary competitive weapon. According to Bennett and Higgins (1988) and Bowen and Hedges (1993) banks that excel in quality service can have a distinct marketing edge since improved levels of service quality are related to higher revenues, increased cross-sell ratios, higher customer retention and expanded market share. Similarly, Easingwood and Storey (1993) reported that total quality is the most important factor in the success of new financial services, although Bennett and Higgins (1988) believe that a competitive edge in banking originates almost exclusively from service quality.

Regulatory, structural, and technological factors are significantly altering the banking industry atmosphere all over the world. Regulatory changes have reduced or eliminated barriers to cross-border expansion, creating a more integrated global banking market. Structural changes have resulted in banks being allowed a greater range of activities. Technological changes are causing banks to rethink their strategies for services offered to both commercial and individual customers. It is within this rapidly changing environment that customer satisfaction and service quality are compelling the attention of all banking institutions (Angure *et al.*, 1999).

The modern banking industry in Ethiopia has started from 1905. Nevertheless, the development of the banking industry was stagnated for more than 70 years with a few governments owned the National Bank of Ethiopia, the Commercial Bank of Ethiopia and Agricultural and Industrial Development Bank. However, in the last two decades the banking industry becomes the fastest growing sector of the economy. Likewise, the 2014/15 annual report of finance and economics ministry of Ethiopia shows the banking sector contribute 46.1% or 10.2 Billion Birr contribution to gross domestic product (GDP) of the Ethiopian economy. According to National Bank of Ethiopia third quarter report of 2016,as of

March 2016 there are eighteen (18) commercial banks with total branches of three thousand forty five (3,045) operates in Ethiopia. Also the report shows, branches of banks to population ratio becomes 30, 2815 and there is 34.1% concentration of banks in Addis Ababa.

According to the National bank of Ethiopia, the following are commercial banks operates in Ethiopia; Commercial bank of Ethiopia, Development Bank, Awash International Bank, Dashen Bank, Wegagen Bank, Bank of Abyssinia, United Bank, Nib International Bank, Cooperative Bank of Oromia, Lion International Bank, Zemen Bank, Oromia International Bank, Berhan International Bank, Buna International Bank, Addis International and Abay Bank, Enat Bank and Debub Global Bank.

Arasli *et al.* (2005) states that as electronic banking becomes more prevalent, customers still tend to measure a bank's service quality in terms of the personal support they receive, rather than the technical support. Hence, financial service providers are now realizing that a better service quality provision plays a critical role to the businesses success due to its direct impact on the level of customers' satisfaction, market share, profitability, loyalty etc. Consequently, even if there is difference of service quality provision, both private and public owned banks are giving more emphasis on those strategies that bring a superior service quality provision to achieve a sustainable competitive advantage.

Many studies suggest that there is a positive correlation between quality service provision such as customers satisfaction, reputation, bank facilities, etc. and success in the banks in the financial industry. For instance, the result the following studies support that in order for the banks to be prosperous in the financial industry, they need to have excellence in services delivery. Narayana & Brahma (1990) in India have studied customer services in banks by analyzing physical facilities, reputation of bank, complaints and suggestion system, staff behavior besides their diverse services like account operations, cheque operations, draft and money transfer operations etc. The findings indicate that the banks which are good in their services are enjoying more satisfied customers in comparison to the banks which are lagging in the same services. Mylonakis, J., P.G. Miliari, G.J. Siomkos (1998) in their study, "Marketing- Driven Factors Influencing Savers in the Hellenic Bank Market" concluded that convenience, bank's reputation or image, quality of services, range of products, interest rates and fees (prices), as well as responsiveness to consumer's needs are some important factors that determine the success of the bank in the market. Huseyin Arasli (2003) in his study, "Customer Perception of Bank

Service Quality in Developing Country: He has found that as service quality improves, customer satisfaction increases which in turn leads to customer loyalty and customer retention.

Another study conducted by Prof. M. Sarada Devi (2015) titled “A Study on Services Quality of Commercial Banks in Dire Dawa, Ethiopia: A Comparative Study of Public and Private Banks” compares the perception of customers’ about service quality of the public and private commercial banks in Dire Dawa, Ethiopia. The study used a questionnaire survey based on the combined and modified SERVQUAL by Parasuraman et al. (1988) and Banking Service Quality (BSQ) Scale by Bahia and Nantel (2000). The mean result reveals that private banks outperform public banks in terms of tangibles, reliability, responsiveness, assurance, empathy, effectiveness and price dimensions. Moreover, the result of hypotheses test shows there are significant differences in perception between customers of the Ethiopian public and private banks regarding the responsiveness, assurance, empathy, effectiveness, and price dimensions as indicators of service quality.

MesaySataShanka(2012) on his study to measure the quality of service provided by private banks operating in Ethiopia. Also he tried to examine the relationship between service quality, customer satisfaction and loyalty by using the five dimensions of SERVQUAL model. In addition, correlation and multiple regressions also used to investigate the relationship between dependent and independent variables. The correlation results indicate that there is a positive correlation between the dimensions of service quality and customer satisfaction. The results of the regression test showed that offering quality service have positive impact on overall customer satisfaction. The research proves that empathy and responsiveness plays the most important role in customer satisfaction level followed by tangibility, assurance, and finally the bank reliability. The research findings also indicate offering high quality service increase customer satisfaction, which in turn leads to high level of customer commitment and loyalty.

Domestic/international service firm managers are aware that service quality in banking is a route to competitive advantage and corporate profitability. More precisely, quality superiority has been found to provide significant performance related advantages such as customer loyalty, responsiveness to demand, market share growth and productivity ([Berry et al., 1985](#); Cronin, J.J. , Taylor and S.A. (1992),; [Parasuraman, 1991](#); [Rust et al., 1994](#); Sureshchandaret al., 2003; [Roberts et al., 2003](#)).

Bank service quality is commonly noted as a critical prerequisite for satisfying and retaining valued customers ([Taylor and Baker, 1994](#)). Thus, service managers realize that to successfully leverage service quality as a competitive edge, they first need to correctly identify the antecedents of what the consumer perceives as service “quality”.

Despite the rapid growth of the banking sector in Ethiopia, there seems little research done on comparative assessment of service quality provision between private and public owned banks. Additionally, majority of existing studies are associated with investigating the determination of profitability, confined to limited variables and time periods.

Taking this knowledge gap in a consideration this study has attempted to assess and compare the service quality provision between private (Dashen Bank S.C and Awash International Bank S.C) and public banks (Commercial Bank of Ethiopia) in Ethiopia as perceived by customers.

1.2. Statement Of The Problem

In Ethiopia for the last fifteen years, due to the opportunities provided by the liberalization policy, many investors are investing their money in many sectors; service or manufacturing. Among the most attractive businesses, banking service is the prominent one. Consequently, records indicate that many banks are now providing diverse type of financial services to their customers’ and are trying to satisfy their customers’ financial needs. Currently, both private and public owned financial service providers, taking into account the intensity of competition, have started to obtain a competitive advantage: by being more accessible to their customers with the help of information communication technology, by opening new branches, using ATM and networking.

In general, when competition intensifies and more or less the same or identical services and products are provided, it is the service quality which determines the level of customer satisfaction and competitive advantage.

However, there are, of course, notable variations among private and public owned banks in terms of their aggregate size, relative profitability, revenue sources, customer focus, loan concentration, and operational efficiency.

According to a research conducted by Alemayehu (2012) private banks and public banks differ in various ways like:

- First, by the interest paid to deposit; the interest rate provided by private banks is more attractive than public banks.
- Second in terms of their approach of expansion that both banks are following is different; the government bank branch network expansion could be in line with current government policy like: encouraging investment in particular location, in line with equity resource distribution, to relief specific political tension in the area etc.

On the other hand, the basis for market expansion for the majority of private banks was based on market and customers' context. Third, in terms of their employees/staff expertise; for instance, majority of private bank executives, board members and staffs have been the ex-employees (retired employees) of the government and ex-employees of the international financial institutions and the likes. Thus, they had tremendous experiences from their previous exposure in customer service provisions. They know more how to conduct banking business and what makes customer satisfied and dissatisfied relatively than government bank executives and staffs.

On relative basis, it is observed that private banks focused on customer oriented services than government banks. In addition, there is a top down authority relationship between the private bank executives and front line personnel. Further, there is also a high pressure exerted from the shareholders towards the managers of private banks, this therefore helps them to generate maximum revenue with minimum cost. Whereas the authority relationships between the governments bank executives and the front line staffs are more bureaucratic than with that of the private banks. In addition, the employees' job security in government banks is by far better than that of private bank employee's. Consequently, private and public owned banks are employing different strategies to improve their service quality and satisfy their customers.

In the last few years due to fierce competition the banking situation in Ethiopia has been characterized by high investment in areas which advances the service quality provision especially in information technology communication.

However, the researcher believe that only technical superiority may not be a sound strategy to win the competition in the near future due to the following two major reasons: first, it will be easy for competitors to copying the technology and second, customers tend to select those service providers who are superior on giving personal support than technical support since banking is high involvement product.

Therefore, the entire effort of this study was to conduct a comparative study between public and private owned commercial banks namely Commercial Bank of Ethiopia, Dashin Bank, and Awash International Bank in terms of their services quality provision. More specifically, this study attempts to evaluate this commercial banks services quality provision in terms of the five dimensions of service quality tangibility, reliability, responsiveness, assurance and empathy.

1.3. Research QuestionsAnd Hypothesis

Research Question

This study has attempted to answer the following research questions:

- ✓ How do customers of Commercial Bank of Ethiopia, Dashen Bank and Awash international Bank perceive the quality of the service provision?
- ✓ The degree of difference in the level of customers' perceived among these banks

Research Hypothesis

In order to give answer to this research question, the study intended to test the following hypotheses for the study;

H0: There are no significant differences in perceived service quality of private and public owned banks customers in terms of tangibility dimensions of service quality.

H1: There are significant differences in perceived service quality of private and public owned banks customers in terms of tangibility dimensions of service quality.

H0: There are no significant differences in perceived service quality of private and public owned banks' customers in terms of reliability dimensions of service quality.

H2: There are significant differences in perceived service quality of private and public owned banks' customers in terms of reliability dimensions of service quality.

H0: There are no significant differences in perceived service quality of private and public owned banks' customers in terms of responsiveness dimensions of service quality.

H3: There are significant differences in perceived service quality of private and public owned banks' customers in terms of responsiveness dimensions of service quality.

H0: There are no significant differences in perceived service quality of private and public owned banks' customers in terms of assurance dimensions of service quality.

H4: There are significant differences in perceived service quality of private and public owned banks' customers in terms of assurance dimensions of service quality.

H0: There are no significant differences in perceived service quality of private and public owned banks' customers in terms of empathy dimensions of service quality.

H5: There are significant differences in perceived service quality of private and public owned banks' customers in terms of empathy dimensions of service quality.

1.4. Objective Of The Study

General Objective:

The general objective of this study is to assess and compare the performance of publicly owned commercial banks and privately owned commercial banks in terms the service quality provision, taking CBE, Dashion Bank and AIB as special reference.

Specific Objectives:

- ✓ To analyze and compare the service quality provision by private and public banks as perceived by customers in terms of their tangibility, reliability, responsiveness, empathy and assurance of their services.
- ✓ This study has attempt suggest and recommend the possible solution to improve services provision through the banking sector in both public and private commercial banks.

1.5. Significance Of The Study

This study have various significances to different parties who are directly or indirectly related to bank service.

- ✓ First, finding of the study may be used as an input for the bank managers or decision makers to know about the service quality perception by their customers.
- ✓ Second, it would give an idea or information regarding the similarity or differences of service quality provision by private and public owned banks
- ✓ Lastly, the result of the study would be a good springboard for researchers who are interested to study about the service quality of banks and it may give an insight to researchers about the level of satisfaction concerning bank customers with relation to service quality.

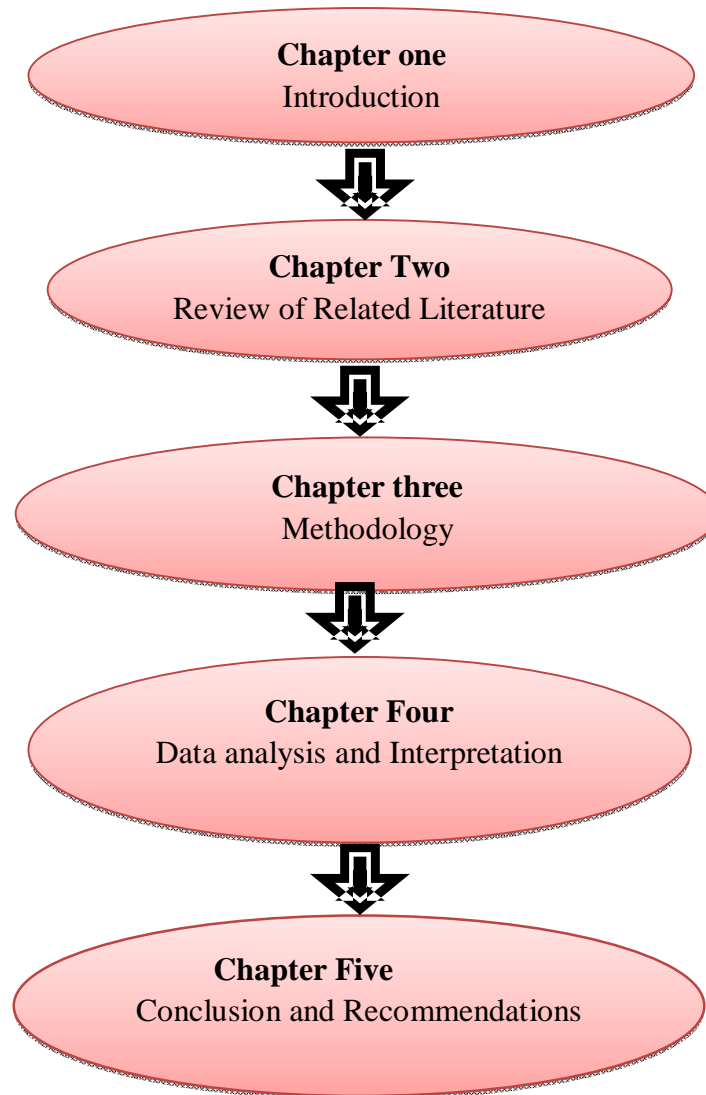
1.6. SCOPE OF THE STUDY

Even though the concept and measurement of services is wider concept, the scope of this study is limited to services quality provision as a perception of customers in Commercial bank of Ethiopia, Awash International Bank, and Dashen Bank. The reason for choosing these Banks (Awash international Bank and Dashen Bank) is that, according to National Bank of Ethiopia 2016 Annual Report they have the ability and the capacity to be compared to Commercial Bank of Ethiopia, In terms of loan provision, customer size, Branch size, capital per share etc. In addition in terms of National Bank of Ethiopia measurements these three banks are the leading banks in both private and public bank. (See the appendix)

1.7 THE ORGANIZATION OF THE STUDY

The entire paper is organized as per the sequence presented in the following figure

Figure 1 – Organization of the Paper



CHAPTER TWO

2. Reviews Of Related Literate

2.1 Definition Of Service

Services are defined in various forms by different authors. Services are “activities, benefits and satisfactions, which are offered for sale or are provided in connection with the sale of goods” (Gronroos, 1984). Services include all economic activities whose output is not a physical product or construction, is generally consumed at the time it is produced, and provides added value in forms (such as convenience, amusement, timeliness, comfort or health) that are essentially intangible concerns of its first purchaser” (Quinn, Baruch and Paquette, 1987 in Bennett and et al 1988). Services are deeds, processes, and performances. Services are not tangible things that can be touched, seen, and felt, but rather are intangible deeds and performances (Zenithal and Bitner, 2000).

For service marketing, the distinguishing characteristics of services are important in the design of an appropriate marketing mix. As cited by Paulina PapastAthopoulou, (1999), the core characteristics are now widely recognized as: Intangibility, Inseparability of production and consumption, Heterogeneity and Perishability.

1. The Intangibility Of Service

It refers to the difficulty of total lack of perception of a service’s characteristics before and (often) after it is performed. There are several marketing implications which are associated with the intangibility of service such as the actual costs of a unit of service are hard to determine and the price/ quality relationship is complex, Services may not be readily displayed, demonstrated or easily communicated to customers, so quality may be difficult for consumers to assess. In addition and Services cannot be inventoried and therefore fluctuations in demand are often difficult to manage.

2. The Intangibility Of Service

It refers to the simultaneous production and consumption of services, the customer is present when the service is produced, and the customer plays a role in the production and the delivery process and also Customers interact with one another during the production process and may be

affected (positively or negatively) by this interaction. Therefore, Service quality depends highly on what happens in real time, i.e., during the service encounter, Since customers have a vital role in the production and delivery process, the service provider needs great skills to train them how to play their role. The service provider needs skills in order to tackle disruptions in the production process, caused by problem customers and must prove excellence each time the service is produced.

3. The Heterogeneity Of Service

It refers to the potential for high variability in the performance and the quality of services, caused by the interaction between the service employee and the customer. The performance of the employees delivering one same service varies from time to time, from employee to employee from company to company and its heterogeneity is less visible in technology-based service and not all customers play their role at the service encounter in a homogenous and predictable way.

4. The Perishability Of Service

It refers to the fact that services cannot be saved, stored, resold or returned and difficulties in synchronizing supply and demand for services. the Perishability of service expects marketers to consider Need for a creative plan for capacity utilization, Need for the implementation of strategies and actions to accommodate malcontent customers from non-returnable services, “Under conditions of fierce competition and financial stringency, the impact on profit of unsold stocks is as severe for manufacturers of fast moving consumer goods as it is for the service industry” to use it as a marketing strategies.

2.2 Service Quality

Also service quality is defined by various literatures differently, for instance Gronroos, 1984; Parasuraman et al., 1985; 1988 define service quality as the result of the comparison that customers make between their expectations about a service and their perception of the way the service has been performed. Avkiran, N.K. (1994), defined service quality as the means by which the firms sustain its position among competing offers over time. According to him, quality is both the act of making the offers different and its evaluation by customers.

Despite the fact that service qualities have expressed in various ways, most literatures point out the two important aspects of services quality in their definition i.e. Expectation and perception aspect of service quality.

2.2.1 Expectation

Customer expectations are beliefs about service delivery that serve as standards or reference points against which performance is judged. According to Rao (2005) describes the aspects of expectations that need to be explored and understood for successful services marketing are the following: what types of expectation standards do customers hold about services? What factors most influence the formation of these expectations? What role do these factors play in changing expectations? How can Service Company meet or exceed customer's expectation?

There are different sources which shapes customer expectations of services. The following outlines are the key factors and most commonly seen to influence expectation. These are: previous experiences, personal needs, implicit service communication, word-of-mouth communication and explicit service communication (Alemayehu, 2010).

- Previous experience that many have before: - Customers' previous experience will in fact influence their future expectation of the service.
- Personal needs: - Any customer or user of the service will have what she/he regards as a set of key personal needs that he/she expects the service to address. These will vary from service to service and from customer to customer.
- Word of mouth communication: - expectations will be shaped by communication from sources other than the service provider itself. This can include family, friends, and colleagues, but more widely the media and other organizations.
- Implicit service communication: - this includes factors such as the physical appearance of buildings; for example renewal may lead the customer to expect other service aspects to be of higher quality.
- Explicit service communication: - Statement from leaflets and other publicity materials can have a direct impact on expectations.

2.2.2 Perception

It is more difficult for customers to evaluate the quality of service than the quality of products. Unlike products, which are first produced, then sold, then consumed, most services are first sold, then, produced and consumed simultaneously. While defective product is detected by factory quality control inspectors before it ever reaches the consumer, a defective service is consumed as it is being produced, thus there is little opportunity to correct it (Schiffman et al., 1997 in Alemayehu, 2010).

Perceived performance is influenced by customer perception of the quality of service, marketing mix, brand name and image of the company. Because satisfied customer tends to maintain their consumption pattern or consume more of the same product or services. Attitude formation or perceived process is the comparison of expectation with experience. Customer is dissatisfied when there is no quality of service or on the other hand customers are satisfied when there is quality of service. Perceived service qualities are affected by dimensions like: service (performance), environment (physical, psychological or social) and recovery (responsiveness).(Schiffman et al., 1997 in Alemayehu, 2010).

2.3 Service Quality Dimension

The five dimensions of service quality (tangibility, reliability, responsiveness, assurance and empathy) are frequently quoted by different authors as the most important determinant factors in building perception of service quality. Of the five dimensions, reliability has been consistently shown to be the most important determinant of perception of service quality (Zeithaml&Bitner, 2000).

Tangibles: appearance of physical facilities, equipment, personnel, and written materials. All of these provide physical representations or images of services that customers, particularly new customers will use to evaluate quality.

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

Responsiveness: employees' knowledge and their ability to inspire trust and confidence. This dimension is likely to be particularly important for services that the customers perceives as involving high risk and/or about which they feel uncertain about their ability to evaluate outcomes – for example , banking, insurance, brokerage, medical and legal service.

Assurance:include four items like: employees of excellent banks will instill confidence in customers, be consistently courtesy to customers, have the answer to customers' questions and ensure safety in transactions with customers

Empathy: caring, individualized attention given to 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.

2.4 Importance Of Service Quality Assessment

Service quality is generally understood as the gap between consumers' expectations about a service and their subsequent perception of service performance (Williams, 1999; Gronroos, 1984; Lehtinen&Lehtinen, 1991; parasuraman et al., 1985 in MosadZineldin, 1996).

Most service organizations today realize that delivering excellent service is important to the success of their business, and bank industry is no exception. Indeed, the improvement of product and service quality has been widely discussed in the literature as an appropriate competitive strategy for achieving sustainable competitive advantage. This requires management to continuously examine current processes against the demands of customers in the marketplace and then update their operations in line with market requirements (Hartline, M.D. and Ferrell, O.C 1996).

The importance of service quality to the success of business is best concluded in this sound statement: "Excellent service is a profit strategy because it results in more new customers, more business with existing customers, fewer lost customers, more insulation from price competition, and fewer mistakes requiring performance of services" (Shepherd, 1999 in Hartline and et al 1996).

To achieve the fruits of improvements in quality it has to be investigated with an understanding of its competitive implications.

The importance of service quality necessitates examining service quality in the context of strategic management of firms (Powell, 1995; Pruett & Thomas, 1996). This led many firms to pursue service quality as a way to differentiate themselves from their competitors, thus gaining competitive advantage (Rust & Oliver, 1994).

2.5 Customers Satisfaction And Services Quality

As it is cited from Mei Mei Lau, Ronnie Cheung, Aris Y. C. Lam, and Yuen Ting Chu (2013) study customer satisfaction provides an essential link between cumulative purchase and post-purchase phenomena in terms of attitude change, repeat purchase and brand loyalty (Churchill & Surprenant, 1982). Service quality has a positive influence on customer satisfaction (Yee et al., 2010). Customer satisfaction is defined as the attitude resulting from what customers believe should happen (expectations) compared to what they believe did happen (performance perception) (Neal, 1998). Satisfaction reinforces quality perception and drives repeat purchases. Zaim, Bayyurt, and Zaim (2010) found that tangibility, reliability and empathy are important for customer satisfaction, but Mengi (2009) found that responsiveness and assurance are more important. Siddiqi (2010) examined the applicability of service quality of retail banking industry in Bangladesh and found that service quality is positively correlated with customer satisfaction; empathy had the highest positive correlation with customer satisfaction, followed by assurance and tangibility. On the other hand, Lo, Osman, Ramayah and Rahim (2010) found that empathy and assurance had the highest influence on customer satisfaction in the Malaysian retail banking industry. Arasli, Smadi and Katircioglu (2005) found that reliability had the highest impact on customer satisfaction. A number of studies have identified the dimensions of service qualities the antecedents of customer satisfaction.

With regard to the relationship between service quality and customer satisfaction the SERVQUAL model (Parasuraman, Zeithaml & Berry, 1988) suggests that the differences between customers' expectations about the performance of a general class of service providers and their assessment of the actual performance of a specific firm in that class results in perceptions of quality. So that the first step in satisfying customers is to determine the level of customer service through service quality assessment. But is there a consensus among researchers, as they argue over whether high degree of service quality always brings about satisfaction.

The work of Bitner et al (1990) proposed an alternative method and defined service quality as the customer's overall impression of the relative inferiority/superiority of a firm and its service offerings. Antreas (1997) found that service provider perceptions about customer satisfaction are a function of perceived service quality. (Cited from Gloria K.Q Agyapong (2010) study).

2.6 Service Quality In The Banking Sector

Banks play an important and active role in the financial and economic development of a country. An effective banking system greatly influences the growth of a country in various sectors of the economy. Practitioners in the banking industry face a large number of complex challenges in the global marketplace. It is crucial for banks to better understand changing customer needs and adopt the up-to-date technology system in order to compete more effectively with global organizations (Malhotra & Mukherjee, 2004).

In banking industries, providing quality service is no longer simply an option. The quick pace of developing technologies and increasing competition make it difficult to survive in the market without provision of high service quality. Because customer satisfaction and customer focus are so critical to competitiveness of firms, any company interesting in delivering quality service must begin with a clear understanding of its customers.

What is it that customer evaluate when judging service quality? Over the years, services researchers have suggested that consumers judge the quality of services based on their perception of the technical outcome provided, the processes by which that outcome was delivered and the quality of physical surrounding where the service is delivered (Gitlow *et al* ,2003 in Lo Liang Kheng, 2010).

With regards to banking, the convenience and competitiveness of the provider's offerings can be expected to affect a customer's overall satisfaction and ongoing patronage. Research has shown that location is a major determinant of bank choice (Anderson *et al.*, 1976 in Levesque and McDougall, 1996). Underlying locations are the customer benefits of convenience and accessibility which are enabling factors that make it easy for the customer to do business with the bank. The bank's ability to deliver these benefits on an ongoing basis to its existing clients will probably impact on customer satisfaction.

On the other hand, one of the determinants of bank choice is competitive interest rates. While differences in rates, either savings or borrowings, are likely to be minimal between competing banks, customers are concerned that they are getting competitive rates on savings or loans because of the impact on their financial situation. Again, customer satisfaction is likely to be influenced by the perceived competitiveness of the bank's interest rates (Laroche and Taylor, 1988 in Levesque and McDougall, 1996).

Furthermore, customer complaints and the bank's response can lead to customer states ranging from dissatisfaction to satisfaction. In fact, some evidence suggests that when the service provider accepts responsibility and resolves the problem, the customer becomes tied to the organization (Hart *et al.*, 1990 in Levesque and McDougall, 1996).

When customers complain, they give the firm a chance to rectify the problem and, interestingly, if the firm recovers successfully, this leads to increase loyalty and profits. Thus, customer complaint handling can have an influence on customer satisfaction and retention. (Alemayehu, 2010).

Complaint handling is a special case of customer interactions. Improper and slow handling of complaints could reasonably be viewed as incompetence, thereby having a negative effect on credibility and therefore on trust. The complaints that have been raised by customers are the clear indications of customer dissatisfaction. Many complaints keep in touch with customers by looking deeply and analyzing these complaints. Companies can be made directly to the provider or indirectly through intermediary or regulatory agency. Complaint of poor quality may provide a rich source of data information for improving service quality, if they are treated constructively (Bowen, J.W. and Hedges, R.B. 1993).

Moreover, customers or segments with different needs or usage patterns may have different determinants of customer satisfaction. In banking sector, customers who use particular products (e.g. loans or mortgages) may focus on service features, such as competitive interest rates, more than customers who do not hold these products. Thus, the determinants of customer satisfaction towards the service provider may vary depending on customer or segment characteristics (Levesque and McDougall, 1996).

2.7 Model and Theory Of Services Quality

As the research describe proposal /introduction/ that uses SERVQUAL model developed by Parasuraman, Zeithaml and Berry. SERVQUAL scale is a principal instrument in the services marketing literature for assessing quality (Parasuramanvd., 1991; Parasuramanvd., 1988). This instrument has been widely utilized by both managers (Parasuramanvd., 1991) and academics (Babakus and Boller, 1992; Carman, 1990) to assess customer perceptions of service quality for a variety of services (e.g. Banks, credit card companies, and repair and maintenance companies). The results of SERVQUAL instrument indicated five dimensions of service quality emerged across a variety of services. These dimensions include tangibles, reliability, responsiveness, assurance and empathy. Therefore, in this part of the literature review the research explain in detail about SERVQUAL model, its application and criticisms. In addition the research also explain gaps model of services quality, which I use to some extant in analysis of this study.

2.7.1 SERVQUAL Instruments

Berry and Parasuraman (1991), conduct a study on service companies to identify the relative importance of the five dimensions by allocating 100 points among them. The study revealed that reliability dimension of service quality is the most important core services excellence and followed by responsiveness dimension. Assurance dimension of the service quality was ranked in third position in evaluating service quality of a company. Finally, the Empathy and Tangibles dimensions of the service quality were ranked in fourth and fifth position respectively by the service company's customers.

2.7.2 SERVQUAL Applications And Criticisms

Although many studies have used the SERVQUAL model as a framework in measuring service quality, there has also been theoretical and operational criticisms directed towards this model in the service marketing literature. These criticisms have mainly revolved around the interpretation and implementation of the instrument. A major problem with the SERVQUAL instrument is related to its dimensional structure (Buttle, 1996; Newman, 2001 in Arasli, 2005).

A number of researchers have reported different dimensions for expectations, perceptions and gap scores. Thus, the universality of SERVQUAL's five dimensions has been questioned (Cronin and Taylor, 1994). Shortcomings concerning convergent and discriminate validity have also been

noted. Nevertheless, despite the criticism, SERVQUAL has been widely used in various contexts throughout other studies. The SERVQUAL instrument has been widely used because it provides a basic skeleton which can be adapted or supplemented to fit the characteristics or specific research needs of a particular organization (Arasli, 2005).

Opponents of the gap theory suggest that a perception of service performance is directly determined from the service quality (Cronin and Taylor, 1992). Consequently, SERVPERF has been proposed for measuring service performance by Cronin and Taylor in 1992 and put challenges on SERVQUAL dimensions.

The validity of the SERVQUAL and SERVPERF scales were tested by a group of researchers in year 2007. Their finding indicate that SERVQUAL and SERVPERF are equally valid predictors of overall service quality (Carrillat et al., 2007 in Alemayehu, 2010).

Both SERVQUAL and SERVPERF's operationalization's relied on the conceptual definition that Service quality is an attitude toward the service offered by a firm resulting from a comparison of expectations with performance (Cronin and Taylor, 1992). However, SERVQUAL directly measures both expectations and performance perceptions whereas, SERVPERF only measures performance perceptions. SERVPERF uses only performance data because it assumes that respondents provide their ratings by automatically comparing performance perceptions with performance expectations. Thus, SERVPERF assumes that directly measuring performance expectations is unnecessary (Cronin and Taylor, 1992).

2.8 EMPERICAL REVIEW

In a study entitled; **Customer satisfaction in public/private banks** by Nirmaljeet Virk, Prahjot Kaur Mahal (2012) has identified that private sector banks are preferred by most of the customers as they emphasize relationship building with their clients and are better equipped with modern infrastructure as compared to public sector banks. In the same token, Surabhi Singh and Renu Arora (2011) have concluded that the customers of nationalized banks are not satisfied with behaviour of employees and infrastructure, but in case of private and foreign banks, they worried about high charges, accessibility and communication. Foreign banks are leading in providing better services and products when compared to other banks (RBI, 2001).

Susesh (2007) a study on a comparative assessment of service quality provision between public and private banks in India the result revealed that poor service quality in public sectors banks is due to deficiency in tangibility, lack of responsiveness and empathy but this is not the case in private sectors banks.

Different literature tried to point out the primary driving factors for customer satisfaction and their results indicates that reliability, assurance, and attributes along with customer's expectation and perception are the motivating factor for customer satisfaction. For instance, the work of Jamal, A., Naser, K. (2002) in inspecting the fundamental driving factors for customer satisfaction indicates "core and relational performances had impact on customer satisfaction and there was negative relationship between customer expertise and customer satisfaction". Another researcher Zhou, L (2004) analysis of the impact of services quality in chain's retain banking on customer satisfaction shows reliability and assurance are the main driving factors for customer satisfaction. In addition Zhou, L found that significant variation in expectation and perception exists customers. Tracey Dagger, Jillian Sweeney (2007) also find evidences on their research that indicates "customers rely more heavily on attributes that are search based in the initial stages of service experience and in later stages consumption becomes important."

Dr. Harinder Singh Gill (2013) has studied to understand the factors that influencing customer satisfaction in both private and public banks in India Punjab province.

The study used as research methodology primary survey with pre-tasted, well-structured questionnaire distributed with sample size of 200 customer, 100 each from private and public customer. The finding of this research demonstrations trust and technological development influence customer satisfaction. Banks specifically private banks should work in gaining customers trust for their services. According to Dr. Harinder, there is a positive relationship between customers trust and customers satisfaction. The other factor is technological development in the banking system. A bank, which is equipped with up to date technology that help in facilitating customer handling, can be a better chance of satisfying customers.

The research present earlier perception and expectation are the main driving factors used by customers to judge about services quality. Dr. Neelotpaul Banerjee (2012) on their study tries to identify the gap between customer expectations and perceptions of the actual service received in public and private banks in India by employing SERVQUAL model. The finding of the study outlined that customers' expectations are more with the private banks and the level of satisfaction is also higher while they deal with the private banks. In order to satisfy the customers the public banks should focus on improving the service in terms of tangibility, reliability, responsiveness and empathy.

Hence, this study tries to fill this gap through examining the customers' service quality perception between Commercial Bank of Ethiopia Dashen bank and Awash International bank adopting SERVQUAL model.

Chapter - Three

Research Design and Methods

3.1. Research Design

As it has already been mentioned at the outset of this paper, the purpose of this study is to investigate the degree of service quality provision in government and private banks as Perception of customers. Accordingly, the design used to conduct this research is descriptive in comparative mode (Cross Sectional). Comparative study was selected because the study attempts to reveal the existing similarities and differences in terms of service quality provision as perceived by customers of selected private bank (Dashen Bank S.C),(Awash International Bank S.C) and government bank (Commercial Bank of Ethiopia) in Addis Ababa.

3.2. Research Approach

The study is mainly concerned with Attitude of customers towards the services provided by Banks it is qualitative research it also employ SERVQUAL model developed by Parasuraman, Zeithaml and Berry. SERVQUAL scale is a principal instrument in the services marketing literature for assessing quality (Parasuramanvd., 1991; Parasuramanvd., 1988). This instrument has been widely utilized by both managers (Parasuramanvd, 1991) and academics (Babakus and Boller, 1992; Carman, 1990) to assess customer perceptions of service quality for a variety of services (e.g. Banks, credit card companies, and repair and maintenance companies). The results of SERVQUAL instrument indicated five dimensions of service quality emerged across a variety of services. These dimensions include tangibles, reliability, responsiveness, assurance and empathy.

In addition, for this study also used quantitative research analysis Frequency counts, percentage mean analysis and T-tests was employed.

3.3 Source of Data

The study mainly relied on data which is obtained from two different sources namely: primary and secondary. The major sources of data are customers of the three banks which were considered as the primary data. The primary data is collected using a questioner from willing customers about their perception of service quality of the three banks found in Addis Ababa in respect to tangibility, reliability, assurance, responsiveness and empathy.

The secondary data is obtained; firstly from the quarter, and semi-annual and annual of performance report of the selected Banks, the study also collect secondary data from the report of National Bank of Ethiopia due to the role of independent body and authority of controlling (supervising) all financial sector.

3.4 Data Collection Instruments

The primary data is collected through close ended and self-administered questionnaire which was adopted from SERVQUAL model (Cronin, J.J. , Taylor, S.A. 1992) it have incorporates five dimensions of service quality (tangibility, reliability, assurance, responsiveness and empathy). Which were further divided into 22 major items. Moreover, to measure the 22 items a five-point Liker scale ranging from “Strongly Disagree=1” to “Strongly Agree=5” was used.

Thus, for this study structured and standardized questionnaire was prepared which includes two major parts: demographic and service quality provision which was distributed to customers willing to participate.

To minimize language barrier and to increase the response rate during data collection process, the final draft of the English version of the questionnaire was translated into Amharic version and back translate to English version to check the dependability of the instrument finally, the questionnaire were distributed to the respondents. Beside the questioner other primary data instrument like interview with customer service manager, and personal observation also applied.

3.5 Target Population

To achieve the objective of the study, the researcher considered the total population as account holder customers who have at least three year service experience with Dashen Bank (72,000.00), Awash International Bank (92,000.00) and CBE (116,000.00) in Addis Ababa. The total size is above 280,000.00 customers. (Sources: Manager of these banks).

3.6 Selection of Representative Banks

Since this study tried to examine the similarities and differences observed by customers on the service quality provision of private and public banks, three banks were selected: (two private and one public bank) to investigate the similarities and differences. Accordingly, Commercial Bank of Ethiopia, Dashen Bank S.C and Awash International Bank S.C were considered as a cross-case for the study due to the fact that they have long years of experience and have large size of customers.

Despite the fact that the three banks have quit number of branches operating in Addis Ababa, a total of six branches are considered as a representative bank branch. Hence, the following six branches are chosen by convenient way for the researcher: WolloSefer Branch, Finfine Branch from Commercial Bank of Ethiopia, Saris Branch and Legehar Branch from Dashen Bank S.C and Head Office Branch and Terrific Tefat Bet Branch from Awash International Bank.

3.7 Selection of Customer Group by Banking Product

There are different customer groups by banking products: on the deposit side, on credit side, occasional customers such as those who benefit from foreign exchange services, etc. To undertake this study, the researcher is considering those account holders, hence; occasional customers are excluded from being part of a study because, Customers who had been staying in the market for longer period are believed to be more knowledgeable and respond objectively than novice customers (Jamal and Naser, 2002 and Dereje, 2012).

For this study, a minimum cut-off period was three year and respondents fulfilling this criterion were included in the study. Moreover, new customers (account holders) were excluded

deliberately from the study assuming that they don't have much experience and knowledge about the banks service.

3.8 Sample Size and Technique of Respondents

The chosen branch customer's total population is 280,000. From that, 380 respondents is selected to get the relevant primary data and to ensure appropriate use of maximum likelihood estimation. To generate valid fit measures and to avoid the drawing of inaccurate inferences. Of which percent (190) (50%) of the participants were government bank customers and the remaining (190) (50 %) of the respondents were private banks customers.

According to Mordan 1997 table value to determine sample size if the total size of the population is 280,000.00 the sample size is 380. (*See the appendix for detail*).

3.9 Sampling Techniques

To gather the required data, systematic sampling technique that is in a convenient way for the researcher is an appropriate technique to draw a representative sample from the population under study. This is done by determining the total number of account holder from the selected branch.

3.10 Data Analysis

The collected data from customers is summarized, edited, coded and data entry is done. And then with the help SPSS ver.20.0 the following descriptive and inferential statistical tools are applied to analyze the data:

- Frequency counts and percentage were used to analyze demographic characteristics of the sample population such as sex, age, nationality and current relation with the bank.
- Mean is used to assess the degree or magnitude of bank customers' service quality perception under the dimensions considered in this study.
- T-tests is executed to test for the significant difference and similarities that may exist between the mean of government and private banks customer's service quality perception on the five dimensions of service quality (tangibles, reliability, assurance, responsiveness and empathy). In this study, it is declared to use a critical alpha level of 0.05. The probability of 0.05 or less is considered to be a significant difference between the mean of government bank (Commercial Bank of Ethiopia) and private banks (Dashen Bank S.C and Awash International Bank) customer's service quality perception.

Chapter – 4

Data Analysis and Interpretation

This chapter deals with the analysis and interpretation of the collected data. Based on the methodology stated, data were collected from selected branches customers of the selected banks in Addis Ababa City. As indicated in the methodology part, the data were collected using a structured, close ended questionnaires adopted from the SERQUAL model which consists 22 service quality measurement items under five major dimensions. In addition, four demographic related questions were included. The analysis is done as per the appearance of the questions in the questionnaires.

4.1. Summary of Response Rate

Type of bank	Questionnaires Distributed	Returned Questionnaires	Questionnaires not returned
Commercial Bank of Ethiopia	190	143	52
Dashen Bank S.C.	95	68	27
Awash International Bank S.C.	95	73	22
Total	380	284	96
Percentage	100 %	75 %	25 %

Table 4.1: Respondents' Response rate

Source: survey result, 2016

As it can be observed from table 4.1, a total of 380 questionnaires were distributed to selected respondents from both private and public owned bank customers, of which 141 questionnaires

from Dashen Bank and Awash International Bank 143 from Commercial Bank were returned, yielding an approximately 75 percent response rate.

4.2. Demographic Characteristics of the Respondent

The demographic backgrounds of the sample respondents in five parameters are presented in Table 4.2 to understand the customer profiles i.e., age, gender, current relation, and nationality.

Table 4.2: Demographic Characteristics of Respondents

Parameters		Private Banks		Public owned Bank		Total	
		No. of Respondent	%	No. of Respondent	%	No. of Respondent	%
Age	Below 30 years	62	44	55	38.5	117	41.2
	30- 45 years	62	44	81	56.6	143	50.35
	45 years and above	17	12	7	4.9	24	8.45
	Total	141	50 %	143	50%	284	100 %
Gender	Male	120	85	91	64	211	74.3
	Female	21	15	52	36	73	25.7
	Total	141	50%	143	50 %	284	100 %
Nationality	Ethiopian	141	100	143	100	284	100
	Non Ethiopian	0	0	0	0	0	0
	Total	141	100 %	143	100 %	284	100 %
Relationship	Borrower	42	29.8	12	8.4	54	19
	Non borrower	99	70.2	131	91.6	230	81
	Total	141	100 %	143	100 %	284	100 %
All Samples		141	49.65	143	50.35	284	100

Source: survey result,2016.

The first demographic variable which is explained in the above table is age. As it can be seen the majority of the respondents fall under the age group of 30-45 years which accounts 50.4%, followed by below 30 years accounts 41.2% and in the third place 45 years and above group which gets 8.45%.

The other variable is gender, by which the majority of the respondents are male 74 percent and nearly 26 percent are female. This shows the participation of women in financial service is weak in comparison with male.

Concerning the nationality of the respondents, all the respondents (100%) belong to Ethiopian citizen that indicates foreigners do have rare transaction with Ethiopian banks so that they would not get the chance to be part of the sample.

The last demographic factor is current relation with the bank, 81% have a relation with the bank other than loan and 19% have a relation with the bank as a borrower. Therefore the result reveal that there is a similarity in the customers of the two banks(Private and Government owned Bank) with insignificant percentage difference which doesn't affect the result of the study so conducting this research on the two banks is reliable since we can find the same type of customers demographically.

4.3. Service Quality Perception of Customers

4.3.1 The Tangibility Dimension Perception

H0: There are no significant differences in perceived service quality of private and public owned Banks customers in terms of tangibility dimensions of service quality.

H1: There are significant differences in perceived service quality of private and publicowned Banks customers in terms of tangibility dimensions of service quality.

Table 4. 3: Tangibility responses of respondents of the two banks (95% confidence level)**P < 0.05**

Item of tangibility	Number of respondents (N)	Mean value of		Standard Deviation		Significance score
		Government owned Bank	Private Banks	Government owned Bank	Private Banks	
The bank has modern looking equipment.	284	3.308	3.369	0.7659	1.2445	0.659
The bank physical facilities are visually appealing.	284	3.378	3.418	0.9915	1.043	0.736
The bank employees are neat – appearing	284	4.07	4.156	1.0827	0.9357	0.397
Materials associated with service (such as pamphlets or statements) are visually appealing at the bank.	284	3.238	3.61	0.63183	1.1574	0.005
Total	284	3.4983	3.5656	1.0479	0.7587	0.417

Source: Survey result, 2016

As seen in table 4.3 the service quality perception of customers on tangibility, Private Banks customers mean score is more than three (out of five). It indicates that the perceived service quality in respect to tangibility items is above average (Mean > 3). This is also true for the case of Commercial Bank of Ethiopia.

However, there is a mean score difference between customers of Private Banks and CBEat each items under the tangibility dimension.

Concerning the first item of tangibility; “the bank has modern looking equipment”, the perception of Dashen Bank and Awash international customers is slightly more than the Commercial Bank customers’ perception which accounts mean of 3.36 and 3.30 respectively with a significant level of p 0.659 which shows there is no significant difference between perceptions of the private banks and government bank customers at 95% confidence level.

The second item which refers; “the bank physical facilities are visually appealing”, the result in the table shows that statistically insignificant difference at $p = 0.706$ (which is more than 0.05) in service quality perception between customers’ of Dashen Bank and Awash international Bank and CBE even if there is a mean score difference of 3.418 and 3.378 respectively.

From the third dimension in the same table, it is evident that almost there is no gap between the two banks (Private Banks and Commercial Bank) in respect to the bank employees are neat appearing which all banks are following as a culture. Accordingly, the mean score of (4.156 of Private Banks and 4.070 of Government owned) shows that both Bank customers perceive above average service quality (Mean > 3) in respect to this item with an insignificant statistical level difference of $P = 0.397$.

The last item of tangibility assesses materials associated with service (such as pamphlets or statements) are visually appealing at the bank. As it can be seen from the table 4.2, unlike the above three dimensions of tangibility the last dimension is significantly different between the two banks customers. (private and Government owned Bank) 3.23 and 3.61 mean scores of CBE and Dashen Bank, Awash international Bank respectively with a statistical significant level difference of $P = 0.005 (< 0.05)$ that clearly shows there is significant service quality perception difference with respect to the last tangibility attributes that Private Banks customers is more than Commercial Bank customers even if both Banks (Private Bank and Government owned Bank) score above average mean score (Mean > 3).

Here, it is interesting to note that while Parasuraman *et al.* (1988) stated that tangibles were the least critical dimension for service customers, the tangibles dimension has proved to be a significant factor in the banking studies carried out in other developing countries (Caruana, 2002; Yavaset *et al.*, 1997; Beerliet *et al.*, 2004 in Anguret *et al.*, 1999) which might be true for the case of Ethiopia Banks too.

Finally, the grand mean of customers perception of service quality in respect to the overall tangibility shows that 3.56 of Dashen Bank S.C and Awash International Bank and 3.49 of CBE with a significant level score of $P = 0.417 (> 0.05)$ which indicates there is no significant difference between these banks. Therefore, both Private and commercial banks customers

perceive more than average (Mean >3) service quality in respect to tangibility which is an important dimension for providing the desired service to customers and to facilitate the service provision or delivery.

Thus, Ho: There are no significant differences in perceived service quality of private and public owned banks customers in terms of tangibility dimensions of service quality.

4.3.2 The Reliability Dimension of Perception

H0: There are no significant differences in perceived service quality of private and public owned Banks' customers in terms of reliability dimensions of service quality.

H2: There are significant differences in perceived service quality of private and public owned Banks' customers in terms of reliability dimensions of service quality.

Table 4.4: Reliability responses of respondents of the private and Commercial Bank (95% confidence level) P< 0.05

Item of Reliability	Number of respondents (N)	Mean value of		Standard Deviation		Significance score
		Government owned Bank	Private Banks	Government owned Bank	Private Banks	
When the bank promises to do something, it does so.	284	2.888	0.376	1.0078	1.0924	0
When you have a problem, the bank shows a sincere interest in solving it.	284	2.818	3.809	1.2023	1.1827	0
The bank performs the service right the first time.	284	3.252	3.709	1.0646	1.0924	0.002
The bank provides its service at the time it promises to do so.	284	3.154	3.567	1.1707	1.0711	0
The bank maintains error free records	284	2.993	3.816	1.3081	1.0254	0
Total	284	3.021	3.6553	0.72334	0.82777	0

Source:Survey result, 2016

The second important dimension which measures the service quality of the firm as per Parsuraman is reliability. Accordingly, as Table 4.4 depicts, the mean scores summary of the private and government owned bank for five items fall under the general reliability dimension are as follows:

As it is observed from item 1 in table 4.4; “when the bank promises to do something, it does so”, there is a significant perception variation between the two banks (private bank and commercial bank) customers with a mean score of 2.88 and 0.376 of government/public bank and the private bank respectively. It also indicated in the table that the computed significant level is p 0.00 (< 0.05) which shows there is significant difference among customers’ perceptions of the private

bank and commercial banks. Furthermore, the mean score of CBE customers which falls below average (Mean < 3) indicates that the service quality with respect to the item is poorer than the Dashen Bank and Awash international bank which has above average (Mean > 3) mean score.

Again in the second item of reliability, the private bank customers' perception of "when you have a problem, the bank shows a sincere interest in solving it", is higher than Commercial Bank of Ethiopia. It is also shown in the table that a mean score of 2.81 for CBE and 3.8 of Dashen Bank S.C and Awash international bank S.C with significant level of $p .000 (< 0.05)$ that indicates the mean difference is significant.

The responses of both banks (private and government owned bank) customers on "the bank performs the service right the first time", revealed that customers perceive more than an average (3 and above out of 5) on getting service right the first time. However, as it is seen in the table there is a significant difference ($p0.002$) between customers perceptions of the two banks (private bank and government owned bank) with a mean score 3.25 and 3.7.

As it can be also seen from table 4.3, regarding "the bank provides its service at the time it promises to do so and the bank maintains error free records", Dashen Bank customers and Awash international bank (Mean 3.56 and 3.81) perceives a better service quality than Commercial Bank customers (Mean 3.15 and 2.99) respectively. Like the above three cases, here also the difference is significant enough in the fourth and fifth items of reliability ($p 0.00$ for both cases)

In summary, the total mean score of reliability depicts that 3.02 of CBE and 3.65 Dashen Bank S.C and Awash international banks with a significant level of $p 0.000$ which explains the existence of significant difference between customers of both private and government owned bank perception by which the public banks are by far below from the private though it is important to get a competitive advantage and customers satisfaction as evidenced by prior researches. As indicated by Parasuraman et al. (1988) where the reliability dimension appears as the most important to provide service quality to customers.

Zeithamlet *al.* (2000) suggests that poor performance by service firms is primarily due to not knowing what their customers expect from them.

Hence, H0: There are no significant differences in perceived service quality of private and Public owned banks' customers in terms of reliability dimensions of service quality, is failed to accept.

4.3.3 The Responsiveness Dimension Perception

H0: There are no significant differences in perceived service quality of private and public owned Banks' customers in terms of responsiveness dimensions of service quality.

H3: There are significant differences in perceived service quality of private and public owned Banks' customers in terms of responsiveness dimensions of service quality

**Table 4.5 Responsiveness responses of respondents of the two banks (95% confidence level)
P < 0.05**

Item of Responsiveness	Number of respondents (N)	Mean value of		Standard Deviation		Significance score
		Government owned Bank	Private Banks	Government owned Bank	Private Banks	
Employees of the bank tell you exactly when services will be performed.	284	3.035	3.787	1.1833	1.139	0
Employees of the bank give your prompt service.	284	2.776	4.121	1.3553	1.1306	0
Employees of the bank are always willing to help you.	284	2.902	4.128	1.3072	1.1074	0
Employees of the bank are never too busy to respond to your request	284	2.846	4.014	1.3391	1.1951	0
Total	284	2.8899	4.0124	0.99939	0.95447	0

Source: Own survey result, 2016

As clearly seen in the table 4.5 concerning responsiveness dimension of service quality, the CBE customers perceive below average (Mean <3) for three of the four components of responsiveness. In contrary, the Dashen Bank and Awash international bank customers perception to all the four components are above average even greater than 3.5 (Mean > 4.01 out of five).

When perceptions of the two banks' (private and government owned bank) customers on "Employees of the bank tell you exactly when services will be performed" are evaluated, there are significant differences between the two groups ($p = 0.00$ and mean of 3.03 and 3.78). The difference is also significantly observable in the remaining three items; "Employees of the bank give your prompt service, Employees of the bank are always willing to help you and Employees of the bank are never too busy to respond to your request", with an equal significance level of $p 0.000 (< 0.05)$ and the Commercial Bank Ethiopia service quality provision with respect to the three items is below Dashen Bank S.C and Awash international bank.

In addition, the grand mean score shows that the mean score of Commercial Bank (2.88) is below the Dashen Bank and Awash international Bank (4.01) which is a significant difference at $p 0.000 (< 0.05)$.

The difference might be occurred due to their nature of ownership means public owned bank employees may assume that they are safe whatever services they offer to the customers since the bank is owned by government. In contrary to this, the private banks employees may think that their existence in the bank depends on the quality service they provide to customers. Hence, this factor may cause for existence of significant difference between the two banks (private and government owned bank) on responsiveness dimension.

As the result, H_0 : There are no significant differences in perceived service quality of private and public owned banks' customers in terms of responsiveness dimensions of service quality, is failed to accept.

4.3.4 The Assurance Dimension of Perception

H_0 : There are no significant differences in perceived service quality of private and public owned Banks' customers in terms of assurance dimensions of service quality.

H_4 : There are significant differences in perceived service quality of private and public owned Banks' customers in terms of assurance dimensions of service quality.

Due to the service sector special characteristics i.e. heterogeneity, intangibility etc., the customer-employee contact and its effectiveness have a major impact on the formation of

customer perception of the service quality received (Gummerson, 1998 in Lo ling and et al., 2004). Accordingly, Table 4.6 shows the summary of customers' perception on the four items under the assurance dimension of service quality.

Table 4.6 Assurance responses of respondents of the two banks (95% confidence level)

Item of Assurance	Number of respondents (N)	Mean value of		Standard Deviation		Significance score
		Government owned Bank	Private Banks	Government owned Bank	Private Banks	
The behavior of employees of the bank instills confidence in you	284	3.329	4.043	1.2321	1.0815	0
You feel safe in your transactions with the bank	284	3.923	4.149	1.0553	0.9924	0.064
Employees of the bank are consistently courteous with you.	284	2.93	4.085	1.3924	1.1922	0
Employees of the bank have the knowledge to answer your question	284	3.615	4.262	1.061	0.8672	0
Total	284	3.3951	4.1348	0.75259	0.84754	0

Source: Own survey result, 2016

As the table depicts almost both banks' (Private bank and government bank) customers have perceived more than three (out of five) mean score except one item for CBE(Employees of the bank are consistently courteous with you).This shows that the customers are receiving a better service quality with respect to assurance.

Even if the majority of the scores are above average (Mean > 3), there are significant differences observed from the two banks (Private bank and government bank) customers' perception.

On the first item, "The behavior of employees of the bank instills confidence in you", the mean score is for CBE3.32and for Dashen Bank S.C and Awash international Bank 4.04 with a statistical significant level difference of p 0 .000 (< 0.05).

The second item, named “You feel safe in your transactions with the bank,” clearly shown in the Table 4.6, CBE have mean score of 3.92 and 4.14 of Dashen Bank S.C. and Awash international Bank, it is the highest score among the four items for CBE which might be due to customers trust on the public owned firm. The slight difference observed in the mean score of the two banks (Private bank and government bank) is not significant ($p = 0.064$).

As the result shows on the third item; “Employees of the bank are consistently courteous with you”, 2.93 and 4.08 mean score of CBE and Dashen Bank and Awash international Bank customers respectively. The difference is significant enough between the two banks (Private bank and government bank) customers perception ($p = .000$). The same is also true with the last element of assurance dimension of service quality (Employees of the bank have the knowledge to answer your question), being significant level difference between the two banks (Private bank and government bank) ($p = 0.000$ with mean score of 3.61 and 4.26).

When overall assurance for both bank (Private bank and government bank) customers is compared, there is a significant difference in terms of assurance dimension. CBE customers perceived their bank is providing less service quality in terms of assurance than the private banks.

This difference may have occurred by the fact that, the private banking sector in Ethiopia mostly hired those individuals who were the ex-employees of public bank who have a sufficient experience and knowledge to provide the desired service with courteous and confidently which the public banks are lacking it.

Thus, H_0 : There are no significant differences in perceived service quality of private and public owned banks’ customers in terms of assurance dimensions of service quality, is felt to accept.

4.3.5 The Empathy Dimension of Perception

H0: There are no significant differences in perceived service quality of private and public owned Banks' customers in terms of empathy dimensions of service quality.

H5: There are significant differences in perceived service quality of private and public owned banks' customers in terms of empathy dimensions of service quality.

The other dimension which is crucial to measure service quality is empathy. Hence, Table 4.7 shows the service quality perception of the two banks (Private bank and government bank) customers on the empathy dimension which consists five sub items:

Table 4.7 Empathy responses of respondents of the two banks (95% confidence level)

Item of Empathy	Number of respondents (N)	Mean value of		Standard Deviation		Significance score
		Government owned Bank	Private Banks	Government owned Bank	Private Banks	
The bank treats you with care	284	2.902	3.745	1.2744	1.0981	0
The bank has operating hours convenient	284	3.867	4.014	1.043	1.1244	0.253
The bank has employees who give your personal attention.	284	2.958	3.794	1.2326	1.1434	0.004
The bank has your best interests in mind	284	3.28	3.645	1.0968	1.0497	0
Employees of the bank understand your specific needs.	284	2.727	3.794	1.1699	1.1372	0
Total	284	2.9846	3.7972	0.76364	0.8149	0

Source: survey result 2016

As it is seen from Table 4.7, 2.9 of Commercial Bank and 3.74 of Dashen Bank and Awash international Bank mean scores on “The bank treats you with care”, with a significant level difference of $p = 0.00$ which the Commercial Bank customers perceive below average (Mean < 3) and on the other hand the private customers score is more than above average (Mean > 3).

On comparing the second item named; “The bank has operating hours convenient”, both banks have above average mean score of (3.86 and 4.01) with $p = 0.25$ which shows there is no significant difference between the two banks (Private Bank and Government owned Bank). This is evidenced by the fact that almost all banks in similar fashion are trying to make their services accessible by extending their working time to customers including lunch time and on Saturday in the afternoon.

Regarding the third item of empathy, “The bank has employees who give you personal attention”, the result depicts the mean score of Commercial Bank is less than average (2.95) which indicates the bank is not giving adequate personal attention to customers. On the other hand, the mean score of Dashen Bank and Awash international Bank is above average (3.79). The gap is significant since $P = 0.004$. The difference might be related with their policy of orientation towards customers which means private banks are more customer oriented than public banks since their survival and existence depends on the amount of profit generated. Hence, private banks give more emphasis than public banks on giving personal attention.

Table 4.7 also shows the last two attributes mean scores; (The bank has your best interests in mind and Employees of the bank understand your specific needs) as 3.280 and 2.72 of CBE and 3.64 and 3.79 Dashen Bank and Awash international Bank respectively which is significant in both cases p is equal to 0.000.

To conclude, the grand empathy mean score shows that the overall mean score of public bank is below average (2.98) which private bank does not (3.79) and significant difference ($p = 0.000$) which partially supports the result forwarded by Sudesh (2007), poor service quality in public sector banks is mainly because of deficiency in tangibility, lack of responsiveness and empathy. Private sector banks, on the other hand, were found to be more reformed in this regards.

Sandip Gosh Hasra and BL Srivastava (2009) in their study indicated that public bank should pay more attention to dimension of assurance-empathy to increase loyalty to a company, willingness to pay, customer commitment and customer trust.

Therefore, Ho: There are no significant differences in perceived service quality of private and public owned banks' customers in terms of empathy dimensions of service quality, is felt to accept.

4.3.6. Summery

Table 4.8 Summary of all the service dimensions response

Service Dimensions	Mean value of		P - value
	Government Bank	owned Private Banks	
Tangibility	3.4983	3.5656	0.417
Reliability	3.021	3.6553	0
Responsiveness	2.8899	3.787	0
Assurance	3.3951	4.1348	0
Empathy	2.9846	3.7972	0

Source: survey result, 2016

To summarize major findings of the study, as it is observed from Table 4.8, there is a significant difference between customers perception on four of the dimension: reliability, responsiveness, assurance, empathy service quality dimensions. However, with respect to tangibility dimension there is no significant difference in the perception of customers.

Moreover, the rest four dimensions result shows that the private banks customers' perception much higher than the public bank this implies private banks (Dashen Bank S.C and Awash International Bank) deliver higher level of quality service as compared to the public banks (Commercial Bank of Ethiopia).

Chapter - Five

Conclusion and Recommendation

5.1. Summary of Major Findings

As the result of the research revealed, the perception of private bank customers (Dashen Bank S.C and Awash International Bank) is greater than public bank customers do have (Commercial Bank of Ethiopia) in all of the five dimensions of service quality (Tangibility, reliability, responsiveness, empathy and assurance). Moreover, the difference is significant since $p < 0.005$ for the case of reliability, responsiveness, assurance and empathy whereas, with regard to tangibility the difference between the two banks customers perception is insignificant.

5.2 Conclusion

This study conducted to assess whether there is significant similarities or differences of service quality provision between private and public banks as perceived by customers. To successfully meet the objectives, data were collected and analyzed and based on the finding of the research/study the following conclusion is drawn:

Reliability dimension

- Regarding the reliability dimension of service quality, the T - test revealed that there is significant difference between the two banks (Private and Public Bank) customers' perception by which the CBE is by far below the Dashen Bank and Awash International Bank. In addition, in all items of the reliability Dashen Bank and Awash international Bank customers' perception mean score is higher than the Commercial Bank of Ethiopia. As a consequence the research finds that private banks more reliable dimension, such as confidence of customers, safety during making transaction, and etc. than public banks

Responsiveness dimension

- As per the finding of the research, the Commercial Bank customers perceive the service quality below average (Mean < 3) which shows that the service quality in respect to

responsiveness is not good. In contrary to this, the Dashen Bank and Awash International Bank customers perceive above average. Moreover, it is observed from the T- test that, the difference of perception of the two banks customers is significant enough. As a consequence the research shows that the perception of customers toward private banks is strong.

Tangibility dimension

- Both customers of private and public bank perceive a higher service quality (Mean > 3.2) in respect to tangibility since for both cases the mean score is above average. However, significant difference exists among customers perception about attribute of tangibility associated with the visual appealing of materials like pamphlets or statements related with the service.

Empathy

- The finding of the research revealed that the two banks customers' perception is significantly different on the all attributes of empathy. Moreover, the average score of Commercial Bank is less than three out of five whereas the Dashen Bank and Awash International Bank does not.

Assurance

- On the dimension of assurance, almost both banks' customers have perceived above average mean score except one item for CBE(Employees of the bank are consistently courteous with you). However, there is significant difference on the three of the four items by which Dashen Bank and Awash International Bank are higher than Commercial Bank of Ethiopia. Besides this, the T- test (P = 0.000) confirms that there is significant difference between the two groups of customers in respect to "you feel safe in your transactions with the bank".

Generally, CBEservice quality provision as perceived by customers is significantly different with that of the Private Banks except the tangibility of their service quality dimension. Furthermore, the two banks mean score shows that the Private Banks (Awash International bank and Dashen Bank) customers' perceptions in all of the five dimensions are above the Commercial Bank of Ethiopia.

5.3 Recommendation

- As it has been found in the research; even if, the two banks (Private Banks and Public Owned Bank) mean score is above average (Mean > 3) with respect to the tangibility service quality dimension, it is not enough to say it is the right level since the competition is changing rapidly so that the two banks (Private Banks and Public Owned Bank) should update their tangibility dimensions accordingly. Besides, CBEfaces stiff competition from private banks in general and Dashen Bank and Awash International in particular. The private banks related with tangibility, they are now rashly adopting advanced technologies; like mobile banking, internet banking, ATM service etc. to facilitate their customers transactions. Therefore, in general CBEshould be competent enough with its competitors so as to attract and retain customers by employing the latest technology in the industry and by preparing and issuing visually appealing pamphlets or statements which are linked with customers' memory.
- Prior researchers indicated that reliability plays a great role to provide service quality, accordingly CBEhas to improve its overall reliability quality of service; otherwise, it would be difficult to win the ever changing competition in the near future. Hence, the following things are recommended to improve its reliability service:
 - CBE has to keep its promise if not on time response should be given to customers
 - CBEhas to provide training or orientation to its employees to give a sincere interest in solving customers problems
 - CBEshould concentrate on the variables of timely completion of work and consistency of services to improve the overall service quality of the bank.

- To improve the service quality and to be competitive with Dashen Bank and Awash International Bank, CBE should give more emphasis to improve the employees' promptness, willingness, and attitude to solve the problems of the customers.
- CBE has to design a strategy to keep its talented and experienced employees who play a great role in the quality service delivery knowledgeably and consistently.
- Both banks have to understand the changing needs of customers, their aspirations and expectations to create value. The Banks should also have a strong customer relationship management and be able to understand the customer's needs while interacting with them.
- In this booming financial service industry, both banks (Private Banks and Public Owned Bank) should have an effective customer's orientation policy especially for Commercial Bank of Ethiopia.
- CBE has to adopt out- in approach to improve its service quality so that the company can be competent with the private banks.
- Both banks should follow a feedback system to know the customer service quality perceptions for improving the level of customer satisfaction.

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Appendix 1

St. Mary's University

A questioner designed to support a study on the evaluations of service quality of Commercial Bank of Ethiopia

Dear sir/madam:

This Questioner is designed to assist in preparing a senior essay research paper for partial fulfillment of the requirement for the master of business administration at St. Mary's University. It is used to gather the attitude and insights on the evaluations of service quality of The Commercial Bank of Ethiopia. The response you provide me will be highly valuable for the successful completion on the study. In this regard, your honest, accurate and clear response to the questions as well as your prompt respond will be highly appreciated. There are no forcible risk withdraw from this project. However, if you feel uncomfortable answering any questions, you can withdraw from the survey any point. It is very important for me to learn your opinion. Be confident that the information you provide will be kept confidential and used for the academic purpose. So you are kindly requested to give your genuine answer. Inclosing of your Name is not necessary. In the mean time I would like to express my gratitude and great appreciation for devoting your precious time.

Instruction: you are kindly requested to make a tick mark in the box (s) provided and write your answers legibly for those questions which have not available choices on the spaces provided for this purpose.

QUESTIONNAIRE

Part I

Personal Information

1. Sex: - Male female
2. Age: - 30 and less 31-45 45 and above
3. Nationality: - Ethiopian Non Ethiopian
4. Customer Type Borrower Non borrower

Part II

The following statements relate to your feelings about Commercial Bank of Ethiopia. For each statement, please show the extent to which you believe Commercial Bank of Ethiopia has the feature described by the statement. Indicating or Circling a “1” means that you strongly disagree, “2” disagree, “3” neutral, “4” agree, “5” strongly agree.

S.N	Measurement items	Measurement scales				
		Strongly disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly agree (5)
1	Commercial bank of Ethiopia has modern-looking equipment.	1	2	3	4	5
2	Commercial bank of Ethiopia International bank's physical facilities are visually appealing.	1	2	3	4	5
3	Commercial bank of Ethiopia International bank's employees are neat-appearing	1	2	3	4	5
4	Materials associated with the service (such as pamphlets or statements) are visually appealing at Commercial bank of Ethiopia.	1	2	3	4	5
5	When Commercial bank of Ethiopia promises to do something by a certain time, it does so.	1	2	3	4	5
6	When you have a problem, Commercial bank of Ethiopia shows a sincere interest in solving it.	1	2	3	4	5
7	Commercial bank of Ethiopia performs the service right the first time.	1	2	3	4	5
8	Commercial bank of Ethiopia provides its services at the time it promises to do so.	1	2	3	4	5
9	Commercial bank of Ethiopia insists on error-free records.	1	2	3	4	5

S.N	Measurement items	Measurement scales				
		Strongly disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly agree (5)
10	Employees of Commercial bank of Ethiopia tell you exactly when services will be performed	1	2	3	4	5
11	Employees of Commercial bank of Ethiopia give your prompt service	1	2	3	4	5
12	Employees of Commercial bank of Ethiopia are always willing to help you	1	2	3	4	5
13	Employees of Commercial bank of Ethiopia are never too busy to respond to your requests	1	2	3	4	5
14	The behavior of employees of Commercial bank of Ethiopia instills confidence in customers	1	2	3	4	5
15	You feel safe in your transactions with Commercial bank of Ethiopia	1	2	3	4	5
16	Employees of Commercial bank of Ethiopia are consistently courteous with you	1	2	3	4	5
17	Employees of Commercial bank of Ethiopia have the knowledge to answer your questions	1	2	3	4	5
18	Commercial bank of Ethiopia gives you individual attention	1	2	3	4	5

S.N	Measurement items	Measurement scales				
		Strongly disagree (1)	Disagree (2)	Neutra 1 (3)	Agree (4)	Strongly agree (5)
20	Commercial bank of Ethiopia has employees who give your personal attention	1	2	3	4	5
21	Commercial bank of Ethiopia has your best interests at heart	1	2	3	4	5
22	Employees of Commercial bank of Ethiopia understand your specific needs	1	2	3	4	5

Appendix 2

ቅድስተማርያምዩንቨርሲቲ

የስራ አስተዳደር ድህረም ረቃትምህርት (Master of Business Administration) ከፊል ማሟያነት የኢትዮጵያ ንግድ ባንክ የአገልግሎት ጥራት ልኬትና ምርመራ ጥናት ላይ ያተኮረ ነው።

ስለዚህም የተከበራችሁ ደንበኞች በዕርስዎ አመለካከት የባንኩ አገልግሎት ጥራት እና ተዛማች ነገሮች ላይ ያሉትን አስተያየት በመስጠት ለጥናቱ ስኬታማነት የበኩለዎን ሚና ይጫወቱ ዘንድ በአክብሮት እየጠየኩ ከዚህ ጋር በተያያዘ ማንኛውም የምትሰጡንን ምላሽ በተገቢው ሁኔታ በሚስጥር ተጠብቆ የሚቀመጥ ከመሆኑ ባሻገር ለጥናቱ አገልግሎት ብቻ የሚሆን መሆኑን ላረጋግጥሎ እወዳለሁ። ለምታደርጉልኝ ትብብር በቅድሚያ አመሰግናለሁ።

ትዕዛዝ:- እባክዎ ለጥያቄዎቹ በመልስነት ከቀረቡት አማራጮች ውስጥ ምልክት () በማድረግ ምላሽዎትን ይስጡ።

ክፍልአንድ

ሀ:የታ ወንድሴት

ለ:እድሜ ከ30በታች ከ30-45 ከ45 በላይ

ሐ:ዜግነት ኢትዮጵያዊ ሌላ

መ:አሁን ከባንኩ ጋር ያለዎት ግንኙነት ተበዳሪ ሌላ

ክፍልሁለት

ከዚህ በመቀጠል የቀረቡ ዓርፍተነገሮች የኢትዮጵያ ንግድ ባንክ የአገልግሎት ጥራት ላይ ያለዎትን ስሜት ያመለክታሉ። ስለዚህ ስለባንኩ አገልግሎት ጥራት በዕርስዎ አመለካከት ትክክለኛ ብለው የሚያስቡትን ከ1-5 ከቀረቡት አማራጮች መካከል በማክበብ ምላሽይስጡ።

- '1' በጣምአልስማማም '2' አልስማማም '3' ገለልተኛ '4' እስማማለሁ
- '5' በጣምእስማማለሁ

ተ.ቁ	ዓረትፍተነገሮች	በጣምአልሰማማም	አልሰማማም	ገለልተኛ	እሰማማለሁ	በጣምእሰማማለሁ
1.	የኢትዮጵያ ንግድ ባንክ ዘመናዊ እይታ ያለው መሣሪያ አለው	1	2	3	4	5
2.	የኢትዮጵያ ንግድ ባንክ የመገልገያ ቁሳቁሶች ሲታዩ የሚሰቡ ናቸው	1	2	3	4	5
3.	የኢትዮጵያ ንግድ ባንክ ሠራተኞች ኘሮቶኮላቸውን የጠበቁ ናቸው	1	2	3	4	5
4	ከአገልግሎት ጋር በተያያዙ ቁሳቁሶች /እንደ በራሪ ወረቀቶች ወይም ማብራሪያዎች የመሳሰሉ/ በየኢትዮጵያ ንግድ ባንክ በአይን ሲታዩ ሰው ይሰባሉ	1	2	3	4	5
5	የኢትዮጵያ ንግድ ባንክ በተወሰነ ጊዜ ውስጥ የሆነ ነገር ለመስራት ቃል ከገባ ይህንን ቃልኪዳኑን ይፈፅማል	1	2	3	4	5
6	እርስዎ ችግር ሲኖርዎ የኢትዮጵያ ንግድ ባንክ ችግሩን ለመፍታት ከፍተኛ ፍላጎት ያሳያል	1	2	3	4	5
7	የኢትዮጵያ ንግድ ባንክ አገልግሎቱን ገና ከመጀመሪያው ይፈጽማል	1	2	3	4	5
8	የኢትዮጵያ ንግድ ባንክ እፈጽማለሁ ብሎ ቃል በገባው ጊዜ ውስጥ አገልግሎቶቹን ያቀርባል	1	2	3	4	5
9	የኢትዮጵያ ንግድ ባንክ ከስህተት የጸዱ መዝገቦች እንዲኖሩት ያበረታታል	1	2	3	4	5
10	የኢትዮጵያ ንግድ ባንክ ሠራተኞች አገልግሎቶች በትክክል መቼ እንደሚከናወኑ ይነግሩዎታል	1	2	3	4	5
11	የኢትዮጵያ ንግድ ባንክ ሰራተኞች ቀልጣፋ አገልግሎት ይሰጥዎታል	1	2	3	4	5

12	የኢትዮጵያ ንግድ ባንክ ሰራተኞች እርስዎን ለመርዳት ሁል ጊዜ ፈቃደኛ ናቸው	1	2	3	4	5
13	የኢትዮጵያ ንግድ ባንክ ሰራተኞች ለእርስዎ ጥያቄዎች ምላሽ ለመስጠት በሌላ ሥራ አይጠመዱም	1	2	3	4	5
14	የኢትዮጵያ ንግድ ባንክ ሰራተኞች ደንበኞች በእነሱ እንዲተማመኑ ያደርጋሉ	1	2	3	4	5
15	የኢትዮጵያ ንግድ ባንክ ጋር በሚያደርጉት ግብይቶች ላይደህንነት ይሰጣቸዋል	1	2	3	4	5
16	የኢትዮጵያ ንግድ ባንክ ሰራተኞች በወጥነት ለእርስዎ ትህትናን ያሳያሉ	1	2	3	4	5
17	የኢትዮጵያ ንግድ ባንክ ሰራተኞች ለእርስዎ ጥያቄዎች ምላሽ ለመስጠት እውቀት አላቸው	1	2	3	4	5
18	የኢትዮጵያ ንግድ ባንክ ለእርስዎ በግል ትኩረት ይሰጥዎታል	1	2	3	4	5
19	የኢትዮጵያ ንግድ ባንክ ለሁሉም ደንበኞቹ አመቺ የሆነ የሥራ ሰዓት አለው	1	2	3	4	5
20	የኢትዮጵያ ንግድ ባንክ ለእርስዎ የግል ትኩረት የሚሰጡ ሰራተኞች አሉት	1	2	3	4	5
21	የ ኢትዮጵያ ንግድ ባንክ የእርስዎን ምርጥ የልብ ፍላጎቶች አሉት	1	2	3	4	5
22	የኢትዮጵያ ንግድ ባንክ ሰራተኞች የእርስዎን የተለዩ ፍላጎቶች ይገነዘባሉ	1	2	3	4	5

Appendix3

FORMULAE FOR DETERMINING NEEDED SAMPLE SIZES

POPULATION SIZE UNKNOWN:

$$\text{SAMPLE SIZE} = \frac{\left(\frac{\text{RANGE}}{2} \right)^2}{\left(\frac{\text{ACCURACY LEVEL}}{\text{CONFIDENCE LEVEL}} \right)^2}$$

Confidence Levels:

	α	$\alpha/2$
.10 level	1.28	1.64
.05 level	1.64	1.96
.01 level	2.33	2.58
.001 level	3.09	3.29

Accuracy Levels:

Range X Desired Level
of Accuracy
(expressed as a
proportion)

POPULATION SIZE KNOWN:

$$\text{SIZE} = \frac{X^2 NP (1-P)}{d^2 (N-1) + X^2 P (1-P)}$$

X^2 = table value of Chi-Square @ $d.f. = 1$ for desired confidence level
 .10 = 2.71 .05 = 3.84 .01 = 6.64 .001 = 10.83
 N = population size
 P = population proportion (assumed to be .50)
 d = degree of accuracy (expressed as a proportion)

TABLE 1
Table for Determining Sample Size from a Given Population

<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	285	100000	384

Note.—*N* is population size.
S is sample size.

Appendix 4

Capital and Branch Network of the Banking System								
<i>(Branch in number and capital in Million of birr)</i>								
Banks	Number of Branch				Capital			
	2013/14		2014/15		2013/14		2014/15	
	Total	% Share	Total	%Share	Total Capital	% Share	Total Capital	% Share
1. Public Banks								
Commercial Bank of Ethiopia	856	38.8	977	36.3	9045	34.1	10716.4	34
Construction & Business Bank	115	5.2	120	4.5	642.1	2.4	731.2	2.3
Development Bank of Ethiopia	32	1.4	32	1.2	2134.8	8.1	2269.2	7.2
Total Public Banks	1003	45.4	1129	41.9	11821.9	44.6	13716.7	43.5
2. Private Banks								
Awash International Bank	152	6.9	207	7.7	1979.3	7.5	2540.3	8.1
Dashen Bank	142	6.4	164	6.1	1994.1	7.5	2377.2	7.5
Abyssinia Bank	109	4.9	136	5.1	1326	5	1594.3	5.1
Wegagen Bank	100	4.5	119	4.4	1825.8	6.9	2061.9	6.5
United Bank	99	4.5	128	4.8	1334.4	5	1475	4.7
Nib International Bank	94	4.3	115	4.3	1731.3	6.5	1925.3	6.1
Cooperative Bank of Oromiya	105	4.8	141	5.2	739.9	2.8	1058.7	3.4
Lion International Bank	62	2.8	88	3.3	514.3	1.9	601.6	1.9
Oromia International Bank	109	4.9	152	5.6	594.3	2.2	771.7	2.4
Zemen Bank	9	0.4	7	0.3	529.1	2	650	2.1
Buna International Bank	63	2.9	82	3	446.6	1.7	559.3	1.8
Berhan International Bank	48	2.2	71	2.6	560.1	2.1	622.3	2
Abay Bank	70	3.2	89	3.3	395	1.5	591	1.9
Addis International Bank	21	1	32	1.2	277.9	1	399.6	1.3
Debub Global Bank	19	0.9	22	0.8	177.3	0.7	202.6	0.6
Enat Bank	3	0.1	11	0.4	261.6	1	392.1	1.2
Total Private Banks	1205	54.6	1564	58.1	14686.8	55.4	17822.8	56.5
3.Grand Total Banks	2208	100	2693	100	26506.7	100	31599.3	100
<i>Source: National Bank of Ethiopia annual report of 2014/15.</i>								

Appendix 5

Loan and Advance by Lender 1/(in Million of birr)						
Banks	2013/14			2014/15		
	D*	B*	O/S*	D*	C*	O/S*
1. Public Banks						
Commercial Bank of Ethiopia	32,184.10	22,025.50	89,655.20	33,715.50	22,474.10	111,435.30
Construction & Business Bank	1,288.00	1,088.50	2,332.00	1,354.80	1,421.50	2,735.50
Development Bank of Ethiopia	5,465.80	3,013.40	22,666.80	6,842.90	4,086.40	27,580.40
Total Public Banks	38,937.90	26,127.50	114,664.00	41,913.20	27,982.10	141,751.20
2. Private Banks						
Awash International Bank	1,944.60	2,912.50	9,176.40	3,723.60	3,967.00	12,482.00
Dashen Bank	3,757.50	4,943.60	9,569.70	5,179.80	5,903.00	11,479.00
Abyssinia Bank	1,534.20	2,228.40	5,153.50	1,818.70	2,536.40	5,992.20
Wegagen Bank	2,070.90	2,944.40	4,604.40	3,089.50	3,287.00	6,169.50
United Bank	2,085.40	3,303.60	5,069.60	3,188.50	4,145.30	6,860.10
Nib International Bank	3,382.80	3,128.50	5,521.60	4,629.10	3,489.40	7,000.10
Cooperative Bank of Oromia	803.9	991.6	3,718.40	1,736.40	918.5	6,738.30
Lion International Bank	567	718	1,562.00	1,612.20	1,127.70	2,878.30
Oromia International Bank	787.3	1,075.10	1,430.00	1,266.20	1,241.30	2,275.50
Zemen Bank	1,149.90	950.6	2,551.60	2,393.00	1,668.50	4,767.20
Buna International Bank	484	708.9	1,184.40	809.1	790.7	1,908.60
Berhan International Bank	679.3	557	1,339.40	1,447.30	795	2,433.90
Abay Bank	806.8	652.4	1,516.70	1,353.40	1,228.90	2,376.50
Addis International Bank	222.9	197.3	511	343	322.3	771.6
Debub Global Bank	271.5	169.5	270.4	242.7	241.4	338.9
Enat Bank	479.4	135.8	511.9	735.1	490	1,145.30
Total Private Banks	21,027.50	25,617.20	53,691.10	33,567.80	32,033.20	75,617.00
3. Grand Total Banks	59,965.40	51,744.70	168,355.10	75,481.00	60,014.20	217,368.20
Source: National Bank of Ethiopia Annual report of 2014/15						
O/S = Outstanding Credit						
D= Disbursement						
C= Collection						