

AN ASSESSMENT OF SERVICE QUALITY IN
COMMERCIAL BANK OF ETHIOPIA: A STUDY CARRIED
OUT IN WEST DISTRICT

By

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ST.MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES

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DECLARATION

I, Elsa G/meskel, hereby declare that this Master Thesis titled “**Assessment of Service Quality in Commercial Bank of Ethiopia a study carried out in West District.**” is an original work. I have accepted out the present study independently with the guidance and support of the research advisor, Temesegen Belayneh (Ph.D.). Any other research or academic bases used here in this study have been correctly accepted. Furthermore, this study has not been submitted for the honor of any Degree or Diploma Program in this or any other institution.

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ENDORSEMENT

This thesis has been submitted to St. Mary's University, School of Graduate Studies for MBA program with my approval as a university advisor.

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List OF Abbreviation

CBE: Commercial Bank of Ethiopia

GDP: Gross Domestic product

NBE: National Bank of Ethiopia

SERVQUAL: Service Quality

SPSS: Statistical Package for Social Sciences

Abstract

Banks play a very important role in the economic life of a nation. Although the banking industry is growing and offering various types of financial services to the public, their mere existence does not do any good unless they deliver a quality service. The purpose of this study was to assess the quality of service offered by commercial bank of Ethiopia on west district branches using the five dimension SERVQUAL model i.e. Tangibility, Reliability, Responsiveness, Assurance and Empathy. In this research descriptive study method was used to investigate the research objectives and questions. Both primary and secondary sources of data were employed; Simple random sampling method was used to obtain the respondents from commercial bank of Ethiopia west district branches. In order to achieve the aim questionnaire survey were used to collect the data. The survey questions were developed based on five likert scale and customers were asked to rate the service quality based on the given parameters. A total of 398 questionnaires were distributed to the 3 selected west district branches (Torhayloch, Ayertena & Bethel). After data collection the data received from respondents was set in to the SPSS. Descriptive statistics was employed to analyze the mean and standard deviation for each SERVQUAL dimensions to assess the service quality. From the data collected & result of the analysis, the study concluded that Assurance dimension shows ($\mu:4.3$) the highest service quality level. But responsiveness dimension reveals ($\mu:3.12$) the least service quality level. Therefore, the bank should realize a competent advantage by emphasizing assurance on the quality of service along others dimensions and the bank should improve the responsiveness dimension by giving emphasis on employee training.

Key Word: *Service Quality, SERVQUAL, Commercial Bank of Ethiopia*

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The service industry is among the highly dynamic industries as customers' demands often change. These changes further drive the service provision and delivery forward with increasing demand for quality. Since services are intangible in nature their success and failure is not easily measured or quantified. The success of any service providing organization can be measured in terms of its customers' attitude towards the service delivery practice; which means service quality will be the dominant element in customers' evaluations of a given service. Customers' go to service providers expecting to get a quality service and the level of expectation among each individual varies. Finding out what customers' expectation is essential in providing a quality service. This can be done through marketing research focusing on issues such as what features are important to customers, what levels of these features customers expect and what customers think the company can and should do when problems occur in service delivery(Meron,2015).

In a service business, the customer and the front-line service employee interact to create the Service. Effective interaction, in turn, depends on the skills of front-line service employees and on the support processes backing these employees. Thus, successful service companies focus their attention on both their customers and their employees.

Unlike product manufacturers who can adjust their machinery and inputs until everything is Perfect, service quality will always vary, depending on the interactions between employees and Customers (Meron, 2015).

Service sector in the Ethiopian economy accounts the highest share 45.9% in the GDP and contributes 51% to the GDP growth of the country. The share of the service sector in the GDP and its contribution for the growth signifying that improving the service quality has

significant impact on the economic development and value creation which in turn compel measuring service quality (Tamirat, 2015).

Bank is a customer oriented service industry. A bank depends upon the customers for their survival in the market. The customer is the focus and customer service is the differentiating factors. A bank can differentiate itself from competitors by providing high quality customer service. But, for existence and survival of any organization the way customers handled and treated matter a lot (Habte, Bacha,2015).

Bank service quality could be regarded as bank fully meeting the customers' need. It is the feeling or attitude formed by bank customers after service, which directly link to the various purchasing behavior (Ngo and Nguyen, 2016). Customers' satisfaction lead to a better retention of customers, more profit, and increase customers' loyalty with banks. It also encourages banks to improve service quality, provide innovative products, and efficient bank management (Anderson, E., Fornell, C., and Lehmann, D. R., 1994). Therefore, bank service quality has been widely accepted as one of the key factors for banks' survival in a global financial competitive market. It is critical that banks deliver quality services which in turn result in customer satisfaction in today competitive banking environment. Within the Ethiopian banking service market, competition is deemed to be increasing due to the introduction and expansion of private banks in the past decade that has coincided with improved banking services, including such features as longer banking hours, ATMs, electronic banking, and improved facilities. The state-owned CBE remains dominant, but private banks are growing fast. The sector faces a somewhat challenging period in the near-term due to the stiff competition among different banks.

Beyond banks, financial services in the form of micro credit groups as well as savings and credit associations are proliferating by offering close substitutes' services of the banks (<http://www.accesscapital.sc.com>).By taking in to consideration the above facts this study was conducted to assess service quality in commercial bank of Ethiopia with a particular emphasis west district branches of the bank.

1.1.1. Back ground of Commercial Bank of Ethiopia

The Commercial Bank of Ethiopia (CBE) has been playing a conspicuous role in economic development of the country for 70 years. Today, more than ever before, the CBE has aggressively expanded its presence in all directions of the country. Despite the flourishing of private commercial

banks, the CBE has remained in the lead in terms of assets, deposits, capital, and customer base and branch network. Currently, it has 1140 branches, spanning the entire breadth and width of the country. As on June 30th 2016, total 13.3 million account holders and total asset of the bank reached birr 384.6 billion (<http://www.combanketh.com>)

1.2 Statement of the Problem

The financial services industry is changing rapidly. Technology, government regulation, and increasing customer sophistication are forcing financial service institutions to re-evaluate their current business practices. Financial institutions across the globe are re-examining how they are meeting their customer's needs today and developing business plans needed to align them strategically to remain competitive and profitable in the future. Service quality in banking has recently become a topic of interest for academicians and researchers alike despite being considered markedly important over the years. Such interest may be the result of a reduced customer base and decreased market share affecting a portion of the banking industry (Aycheluhem, 2014). 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 (Mary, 2014). Likewise, provision of high quality services enhances customer retention rates, helps attract new customers through word of mouth advertising, increases productivity, leads to higher market shares, lowers staff turnover and operating costs, and improves employee morale, financial performance and profitability (Julian and Ramaseshan, 1994; Lewis, 1989, 1993). Therefore, delivering quality service to customers is a must for success and survival in today's competitive banking environment.

Studies have been done on this area Almaz, 2015 have done a research on Assessment of service quality in CBE however the study was carried out on East district branches of the bank. So this study was focusing on west district branches of the bank which has the highest number of customers. So that the research problem for this study is to assess the service quality in west district branches.

1.3 Research Questions

1. What is the service quality level of the Tangibility dimension of CBE?
2. What is the service quality level of the Reliability dimension of level derived from CBE?
3. What is the service quality level of the Responsiveness dimension provided by CBE?
4. What is the service quality level of the Assurance dimension of CBE?
5. What is the service quality level of the Empathy dimension of CBE?

1.4 Objectives of the Study

1.4.1 General objective of the study

The general objective of the study is to assess the service quality of Commercial Bank of Ethiopia West district branches.

1.4.2 Specific objectives of the study

- To assess the Tangible dimension of service quality level provided by CBE?
- To ascertain the Reliability dimension of service quality level provided by CBE?
- To assess the Responsiveness dimension of service quality level offer by CBE?
- To assess the Assurance dimension of service quality level provided by CBE?
- To assess the Empathy dimension of service quality level offer by CBE?

1.5 Significance of the study

1.5.1. Practical significance

- The research helps the bank management by including how to improve service quality
- The study contributes for operation improvements to enhance the service quality.
- It provides information to the management on the bank service quality problems and it may give them an idea of where they are presently in terms of their service quality

1.5.2. Theoretical significance

- It helps to other researchers who want to conduct further study on assessment of service quality by providing documented paper.

1.6 Scope of the study

The research was conducted to assess the service quality in commercial bank of Ethiopia. Even though there are different factors that affect service quality dimensions in this research only the five service quality dimensions were used i.e. reliability, responsiveness, assurance, empathy and tangibility. Conducting the study to all customers in commercial bank of Ethiopia is difficult because the population is infinite and hard to manage them; so that this study was conducted in the west district.

1.7 Definition of terms

SERVQUAL: A model used for measuring service quality developed by Parasuraman et al. (1988).

SERVQUAL dimensions:

Tangible: pertain to the physical facilities, equipment, personnel, and communication materials.

Reliability: refers to the ability to perform the promised services dependably and accurately

Responsiveness: refers to the willingness of service providers to help customers and provide prompt service.

Assurance: refers to the knowledge and courtesy of employees and their ability to convey trust and confidence;

Empathy: refers to the provision of caring and individualized attention to customers.

1.8 Organization of the paper

This research was organized in five chapters. Chapter one contains background of the study, statement of the problem, research questions, research objectives, significance of the study, scope and limitation of the study. Chapter two deals with related literature review .chapter three presents the methodology of the study .it covers research design, data type and source, sampling method and size, data collection procedures, methods of data collection and analysis of the study. Chapter four covers the result of the study. The last chapter provide summary of findings, the conclusion of the study and suggests possible remedial recommendations.

CHAPTER TWO

REVIEW OF RELATED LITRATURE

2.1 What is Service?

Services are economic activities offered by one party to another. In exchange for money, time, and effort, service customers expect value from access to goods, labor, professional skills, facilities, networks, and systems; but they do not normally take ownership of the physical elements involved (Lovelock & Wirtz, 2011).

The concept of service is used and defined in various perspectives by many scholars. A service is a commodity with no physical existence, usually created and consumed at the same time. Service is a process resulting in an outcome in a partly simultaneous production and consumption process. This definition points to the fact that service provision and consumption are simultaneous activities (Gronroos, 2001).

Service is intangible in nature, it cannot be mass produced. It cannot be inventoried and stored after production. Due to the fact that services and consumers of services are inseparable, they cannot be produced until the consumer is ready to consume them. Providing consistent quality is difficult for service because of the characteristic of variability (Clow and Kurtz, 2003). When one puts it in the simplest term; services are deeds, processes and performances (Zeithaml and Bitner, 2003). It is apparent that services are produced not only by service businesses but also are integral to the offering of many manufactured goods producers.

Philip Kotler (2000) defines services as “ A service is any act or performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything, its production may not be tied to a physical product.” According to Zeithaml and Bitner (2003) 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.

2.2 Service Characteristics

A company must consider five main service characteristics when designing marketing programmes: intangibility, inseparability, variability, perishability and lack of ownership (kotler, 1997)

- **Intangibility**

Service intangibility means that senders cannot be readily displayed, so they cannot be seen, tasted, felt, and heard or sine lied before they are bought. Because service offerings lack tangible characteristics that the buyer can evaluate before purchase, uncertainty is increased. To reduce uncertainty, buyers look for 'signals' of service quality. They draw conclusions about quality from the place, people, equipment, communication material and price that they can see. Therefore, the service provider's task is to make the service tangible in one or more ways. Whereas product marketers try to add intangibles (e.g. fast delivery, extended warranty, after-sales service) to their tangible offers, service marketers try to add tangible cues suggesting high quality to their intangible offers. Consider a bank that wants to convey the idea that its service is quick and efficient. It must make this positioning strategy tangible in every aspect of customer contact. The bank's physical setting must suggest quick and efficient service: its exterior and interior should have clean lines; internal traffic flow should be planned carefully; and waiting lines should seem short. The bank's staff should be busy and properly dressed. The equipment - computers, copying machines, desks - should look modern. The bank's advertisements and other communications should suggest efficiency, with clean and simple designs and carefully chosen words and photos that communicate the bank's positioning (kotler, 1997).

- **Inseparability**

Service inseparability means that services cannot be separated from their providers, whether the providers are people or machines. If; a person provides the service, then the person is a part of the service. The other feature of the inseparability of services is that other customers are also present or involved. The implication for management would be to ensure at all times that customers involved in the service do not interfere with each other's satisfaction (kotler, 1997).

- **Variability**

As services involve people in production and consumption, there is considerable potential for variability. Service variability means that the quality of services depends on who provides them, as

well as when, where and how they are provided. As such, service quality is difficult to control. Even the quality of a single employee's service varies according to his or her energy and frame of mind at the time of each customer contact. For example, two services offered by the same solicitor may not be identical in performance (kotler, 1997).

Service firms can take several steps towards quality control. First, they can select and train their personnel carefully. Second, they can motivate staff by providing employee incentives that emphasize quality, such as employee-to-the-month awards or bonuses based on customer feedback. Third, they can make service employees more visible and accountable to consumers - car dealerships can let customers talk directly with the mechanics working on their cars. A firm can check customer satisfaction regularly through suggestion and complaint systems, customer surveys and comparison shopping. When poor service is found, it is corrected. Fourth, service firms can increase the consistency of employee performance by substituting equipment for staff (e.g. vending machines, automatic cash dispensers), and through heavy enforcement of standardized as well as detailed job procedures (kotler, 1997).

- **Perishability**

Service perishability means that services cannot be stored for later sale or use. The perishability of services is not a problem when demand is steady. However, when demand fluctuates, service firms often have difficult problems. Service firms can use several strategies for producing a better match between demand and supply. On the demand side, differential pricing that is, charging different prices at different times - will shift some demand from peak periods to off-peak periods. On the supply side, firms can hire part-time employees to serve peak demand. Peak-time demand can be handled more efficiently by rescheduling work so that employees do only essential tasks during peak periods (kotler, 1997).

- **Lack of Ownership**

Service products lack that quality of ownership. The service consumer often has access to the service for a limited time. Because of the lack of ownership, service providers must make a special effort to reinforce their brand identity and affinity with the consumer by offering incentives to consumers to use their service again (kotler, 1997).

2.3 Quality

Researchers have concluded that quality has become the key to competitive success and long-term survival. Empirical research has demonstrated a positive relationship between service quality and organizational performance (Parasuman et. al., 1988). Further, quality can be used as an effective strategy for raising return on investment, increasing market share, improving productivity, lowering costs, and achieving customer satisfaction (Anderson and Sullivan, 1993).

Quality is extremely difficult to define in a few words. At its most basic, quality has been defined as “conforming to requirements”. This implies that organizations must establish requirements and specifications; once these specifications are established, the quality goal of the various functions of an organization is to comply strictly with them. However, the questions remain: whose requirements and whose specifications. (Grönroos.C, 2001).

Thus, a second series of definitions states that quality is all about fitness for use. Such definitions are based primarily on satisfying customers` needs .These two definitions are in the concept of customer perceived quality: quality can be defined only by customers and occurs when an organization supplies goods or services to a specification that satisfies customer needs.

2.4 Service quality

Service quality has been given increased attention in recent years, due to its specific contribution to business competitiveness. Because of the difficulties in defining and measuring service quality, it is a concept that has aroused considerable interest and debate in the research literature (Wisniewski, 2001). According to M. Rahaman, Abdullah and A. Rahman (2011) service quality is an approach to manage business processes in order to ensure full satisfaction of the customers which will help to increase competitiveness and effectiveness of the industry. Definition of service quality revolves around the idea that it is the result of comparison that customers make between their expectations about a service and their perception of the way the service has been performed. Service quality can thus be defined as the difference between customer expectations of service and perceived service performance.

Service quality is the difference between customer expectations and perceptions of service. Service quality is a measure of how well the services (as received) match expectations preconceived (Parasuraman et al., 1988).

According to Parasuraman, Zeithaml and Berry (1985); Dehghan (2006) customers will be dissatisfied if expectations are greater than performance that is perceived quality is less than satisfactory. They proposed service quality to be a function of pre-purchase customer expectations, perceived process quality, and perceived output quality.

Customers form service expectations from many sources, such as past experiences, word of mouth, advertising and previous experience with the service (Kotler & Keller, 2006). The notion of service quality involves more than the outcome quality; the methods and manner by which the service is delivered are of great importance. In the growing global communications industry, service quality has become increasingly important, as telecommunication firms strive to protect their subscriber bases.

2.5 Dimensions of Service Quality

Service quality dimensions represent how customers organize information about service quality in their minds (Zeithaml, Bitner, 2003). On the basis of exploratory and quantitative research, these five dimensions were found relevant for banking, insurance, appliance repair and maintenance.

a. Reliability: Delivering on Promise

Reliability is defined as the ability to perform the promised service dependably and accurately. In its broadest sense, reliability means that the company delivers on its promises-promises about delivery, service provision, problem resolution, and pricing. Customers want to do business with companies that keep their promises, particularly their promises about the service outcomes and core service attributes (Zeithaml, Bitner, 2003).

b. Responsiveness: being willing to help

Responsiveness is the willingness to help customers and to provide prompt service. This dimension emphasizes attentiveness and promptness in dealing with customer requests, questions, complaints, and problems. Responsiveness is communicated to customers by the length of time they have to wait for assistance, answers to questions, or attention to problems. Responsiveness also captures the notion of flexibility and ability to customize the service to customer needs (Zeithaml, Bitner, 2003). To excel on the dimension of responsiveness, a company must be certain to view the process of service delivery and the handling of requests from the customer's point of view rather than from the company's point of view. To truly distinguish themselves on responsiveness, companies need well-

staffed customer service departments as well as responsive front-line people in all contact positions (Zeithaml, Bitner, 2003).

c. Assurance: inspiring trust and confidence

Assurance is defined as employees' knowledge and courtesy and the ability of the firm and its employees to inspire trust and confidence. This dimension is likely to be particularly important for services that the customer perceives as involving high risk and/or about which they feel uncertain about their ability to evaluate outcomes (Zeithaml, Bitner, 2003).

Trust and confidence may be embodied in the person who links the customer to the company. In such service contexts the company seeks to build trust and loyalty between key contact people and individual customers. The personal banker concept captures this idea: customers are assigned to a banker who will get to know them individually and who will coordinate all of their banking services (Zeithaml, Bitner, 2003).

d. Empathy: treating customers as individual

Empathy is defined as the caring individualized attention the firm provides its customers. The essence of empathy is conveying, through personalized or customized service that customers are unique and special. Customers want to feel understood by and important to firms that provide service to them (Zeithaml, Bitner, 2003).

e. Tangibles: representing the service physically

Tangibles are defined as the appearance of physical facilities, personnel, and communication materials. All of these provide physical representations or images of the service that customers, particularly new customers, will use to evaluate quality (Zeithaml, Bitner, 2003).

2.6. Relative importance of dimensions

Parasuraman et al. (1988) have observed that their instrument (SERVQUAL) can be used to evaluate the relative importance of the dimensions of quality in influencing customers' overall perceptions of a service. The relative weight that customers seem to give to each quality dimension can be determined. In the study of Chowdhary and Prakash (2007) one of the important results that have been reported in the early studies of relative importance is that customers are quite consistent in both their imputed and their direct rankings of the importance of the service quality attributes. In one key study (Parasuraman et al., 1988), reliability was demonstrated to be the most important dimension and empathy (a composite of understanding

and access) the least important across a seemingly wide array of service types. Zeithaml et al. (1990) also report, using a variation of SERVQUAL that tangibles proves to be consistently unimportant. A pertinent question here is that whether such a generalization is possible. Chowdhary (2000) suggest that generalizations are difficult to make because of variation in the basic nature of services (labor or capital intensity) and that the type of industry affect the design of service. It was seen that empathy and responsiveness were found to be more important for labor intensive industry while tangibles and reliability affected the assessment of quality dimensions in case of capital intensive services. This was also confirmed by the results from a similar study done for “Management Education” where the single most important dimension was the knowledge of the teacher (assurance).

Services unique selling proposition can be woven around different criteria (tangibility, customization, labor intensity, etc.). This criterion in turn could be the key performance dimension. Different user groups can see each type of service in turn as performing on a number of factors across different dimensions. From among these factors, some are the key factors (KFs) and are relatively more important for the consumer. A number of these KFs could be simultaneously important for these user groups, though the relative importance of these dimensions may vary from one user group to another. There may also be a general shift in consumer preference for a dimension, for example, from “medical-care” through “patient-care” to “hospital-care,” incase of the consumers of healthcare. Their importance may also vary from one consumer to another.

Chowdhary and Prakash (2007) stated in their research work that no simple generalization of relative importance of determinants of service quality is possible. Thus, it must be noted that importance of determinants of quality for customers would vary across different service types. This could be expected because different services are structured and delivered in different contexts and providers consciously position them at different levels of variables of concern.

2.7. Measurement of Service Quality

Parasuman, 1995, points out that the dominant mode of thinking in measurement of quality in services rest on disconfirmation view, which links the expectations of consumer with their experience of service.

This has been the driving force behind attempts to measure service quality (Oliver, 1980). The subject of service quality is very rich in context and definitions, models and measurement issues. Several researchers explored the subjects with varying perspectives and using different methodologies. It is also conceptualized by a number of models (Winston W., 1988).

Among numerous approaches to measuring service quality, “SERVQUAL” scale or “Gap Model”, the “SERVPERF” of service quality are the most important ones.

2.7. 1. Service Quality Model (SERVQUAL)

During the past few decades service quality has become a major area of attention to practitioners, managers and researchers owing to its strong impact on business performance, lower costs, customer satisfaction, customer loyalty and profitability (Leonard and Sasser, 1982).

Given the growth of services in the last decades, many researchers have recognized the need to develop measures of service quality. One of the most frequently used measures is the SERVQUAL (the name stands for Service Quality). Which emerges from extensive research in generic determinants of perceived service quality (Parasuraman, Berry et al. 1985; Parasuraman, Berry et al., 1988).

The model measures the difference between customers’ expectations about general quality of a certain group of service providers and their perceptions about the actual performance of a service provider from that group. It uses a set of service quality determinants measured by a 22- item scale. The model defines customer satisfaction as perceived service quality, which is the gap between expected service and perception of service actually received.

The SERVQUAL scale was developed based on a marketing perspective with the support of the Marketing Science Institute (Parasuraman, Zeithaml, and Berry 1986). Its purpose was to provide an instrument for measuring service quality that would apply across a broad range of services with minor modifications in the scale. SERVQUAL provides a foundation for a growing body of research that pertains to the creation of quality among service industries. The original SERVQUAL scale had ten service quality dimensions:

However after extensive research into these measurements of service quality, it was pointed out that there is some overlap between them and these ten determinants are not necessarily

independent of each other. Then the ten dimensions were collapsed into five dimensions of quality (Cronin, J.J. & Taylor, 1992)

The dimensions of Tangibles, reliability and responsiveness remain unchanged.

- `Assurance` encompasses competence, courtesy, credibility and security, and
- `Empathy` includes access, communication and understanding the customer.
- The developers of the scale contend that, while each service industry is unique in some aspects, there are five finalized dimensions of service quality that are applicable to service-providing organizations in general. These dimensions are;

(1) **Tangibles**- physical facilities, equipment, and appearance of personnel.

(2) **Reliability** - ability to perform the promised service dependably and accurately.

(3) **Responsiveness**- willingness to help customers and provide prompt service.

(4) **Assurance**- knowledge and courtesy of employees and their ability to inspire trust and confidence; and

(5) **Empathy**—caring and individualized attention the firm provides to its customers (Parasuraman, Zeithaml, and Berry 1988).

2.7.2 Critiques of SERVQUAL

Although SERVQUAL has been widely used in business-to-business and business-to-customer settings, this does not mean the scale has not been subject to constant re-examination and criticism. The main objections to SERVQUAL are as follows:

- ✚ **Object of measurement.** It is not clear whether the scale measures service quality or customer satisfaction.
- ✚ **Length of the questionnaire.** The SERVQUAL questionnaire is too long. It could be shortened by elimination of expectation scores, elimination of certain items (those without the clear mode) and/or fusion of the interrelated dimensions of reliability, responsiveness and assurance into one dimension called task-related receptiveness (Duffy, J. A. and A. A. Ketchard, 1998).

✚ **Timing of questionnaire administration.** The main issue here is whether to distribute the questionnaire before or after the service experience. In other words, should expectations be solicited before the service experience or away from the actual point of service delivery and unrelated to an encounter? Some researchers compromise by collecting their data after the service experience at the actual point of service delivery. Consequently, they fear that this might have loaded their results towards performance, while those of other researchers might have been loaded towards expectations (Duffy, J. A. and A. A. Ketchard, 1998).

✚ **Use of the Likert scale.** The issues such as the number and labeling of points or the inclusion of a middle alternative in the scale are very important. SERVQUAL authors use a seven-point scale, while in many replication studies a five-point scale is adopted to increase response rate and response quality (Duffy, J. A. and A. A. Ketchard, 1998).

Another problem is the equality of distances between points on the Likert scale as perceived by the respondent. It should be noted that one person's 'complete satisfaction' might be less than another's 'partial satisfaction (Duffy, J. A. and A. A. Ketchard, 1998).

Furthermore, once the respondents have marked the extreme point and want to express an even stronger opinion on the next item, this can no longer be reflected in the answer, since the maximum score has already been given.

While some authors argue that none of these problems matter as long as the answers are normally distributed, others point out that in practice the majority of service quality surveys tend to result in highly skewed customer responses.

This is why an average rating based on the arithmetic mean of the customer responses is likely to be a poor measure of central tendency, and may not be the best indicator of service quality.

✚ **Use of $P_i - E_i$ difference scores.** Ambiguous definition of expectations in the SERVQUAL model seems to be a major problem. Increasing $P_i - E_i$ scores may not always correspond to increasing levels of perceived quality which impugns the theoretical validity of the SERVQUAL's perceived quality framework. Also it is

questioned about the value and purpose of two separate data sets perceptions and expectations (Duffy, J. A. and A. A. Ketchard, 1998).

Some researchers suggest that it might be better not to use difference scores since the factor structure of the answers given to the questions about expectations and perceptions, and the resulting difference scores, are not always identical. Additionally, research shows that performance perception scores alone give a good quality indication.

Therefore a modified SERVQUAL scale using only performance perceptions to measure service quality (called service performance or SERVPERF) has been proposed. (Cronin & Taylor, 1994).

A three-component measurement model including perceptions, expectations and perceived importance ratings or weights of service attributes was also suggested. A rationale for this model is the following: while customers might expect excellent service on each attribute, all of the attributes involved may not be equally important to them.

- ✚ **Generalization of service quality dimensions.** The empirically identified five factor structure cannot be found in all service industries. Only the existence of the tangibles dimension is confirmed in all replication studies, in which the number of distinct service quality dimensions otherwise varies from one to nine. It seems that the dimensionality of service quality might be determined by the type of service a researcher deals with. That is why many versions of the questionnaire have been suggested for instance, (Parasuraman et al 1988, 1991) used a 22-item version for banks, credit card companies, repair and maintenance companies and telephone companies.
- ✚ **The static nature of the model.** There exist a number of long-term service processes (such as education) where both perceptions and expectations (and consequently quality evaluations) change in time. For these service processes, a dynamic model of service quality should be developed (Cronin & Taylor, 1994).
- ✚ **Inclusion of price** While being widely applied, the SERVQUAL model has also received criticism for not including prices in the assessment. (Brown, S.W. and Swartz, T.A. 1989).

✚ **Lack of a clear link between satisfaction and perceived service quality** Perhaps the most often heard criticism pertains to the lack of a clear link between satisfaction and perceived service quality identified by some research (Duffy and Ketchard 1998).

2.8. Assessing Service Quality

Implementing and evaluating service quality is a very complex process, because of the intangible nature of service.

Zeithaml and Bitner (2003) believe that content and delivery of a service are essential factors for evaluating service quality. While customers evaluate the quality of delivery, service providers determine the content of the service.

Edvardsson (1998) contends that the concept of service should be approached from the customer's perspective. Because the customer's total perception of the outcome is the service and the customer outcome is created in a process where service is generated through that process. Customer's involvement in the service process is necessary, since they are co-producer of service. The service process can be a delivery of service, interpersonal interaction, performance or customer's experience of service.

2.8. Empirical Literature

Rahaman et al. 2011, explored service quality of the private commercial banks in Bangladesh. The findings from their study revealed that, one of the primary causes of service quality design failure is the lack of understanding of the evolving need and preferences of targeted customers.

Mary osei-poku (2012) examined the level of service quality, expectation and perception of the external customers towards the merchant bank Ghana limited using the SERVQUAL instrument. The study found that tangible is the most important dimension. It also has the lowest scores of perception. On the other hand, service quality gap is neither the lowest nor the highest. Finally, these external customers have the highest expectation on the reliability of the Ghana private bank.

Tamirat (2012) have done a research on factors explaining Service Quality in Commercial Bank of Ethiopia and investigated the relationship between service quality and customer satisfaction in the bank with a focus on Regression analysis and Pearson product moment correlation coefficient were employed in analyzing the data. The study revealed a positive relationship between service quality and customer satisfaction. The researcher therefore recommended that organizations should focus

more attention on service quality, because of its effects on customer satisfaction. To ensure that customer satisfaction level is high organization must first of all know the expectations of the customers and how they can meet such expectations.

Habte, bacha,(2015) employed the SERVQUAL model developed by Parasuraman et al., 1988 with five dimensions to evaluate the impact of service quality on customer loyalty among bank customers in commercial bank of Ethiopia west shoa zone (Bako, Gedo, Ambo, Ginchi,and Holeta). Sex, marital status, age, educational level, family size, monthly income, monthly expenditure and religion were not significantly associated with service delivered. Additionally, the result of their study reveals that there is a level of service quality on the basis of, waiting time, number of front desks (channels), complain handling process category. The waiting time of customers to get service is long in all branches of the study area.

Elias (2012) conducted a study on measurement of service quality of commercial bank of Ethiopia in grade four branches. The paper seeks to find out the service dimensions of service quality, which lead to higher levels of customer satisfaction. The findings from the study indicated that the service dimensions of assurance, empathy and tangibles are the most important to customers' evaluation of service quality, and thus, may have a positive influence customer satisfaction.

Belay& Ebisa, (2012) have done a research on Evaluation of customer satisfaction on bank services: And the analysis shows that there are a number of problems hindering the smooth delivery of the banking service; the study indicated that network problem is the major obstacle which creates high system fail and delaying happens while providing the service in addition the study shows there is an issue of customers trust and confidence in CBE.

CHAPTER THREE

RESEARCH METHODOLOGY

In this chapter, the study presents the methodology that the researcher adopted for this study. The chapter describes the geographical area where the study was conducted, the research design, the data collection methods, the population, sampling, data processing and analysis methods.

3.1 Research Design

In order to address the research problem and achieve research objectives carefully, the research design is reflected on and discussed in each step below. In answering the research objectives, this paper was proposed for assessing the service quality. In this paper the five dimensions and their respective attributes of the model are expressed using a five point Likert scale.

This research applied a descriptive research method in order to obtain pertinent and precise information status of phenomena and draw conclusions from the facts discovered. Quantitative approach was employed with the view of assessing CBE service quality to show the phenomenon in numbers.

3.2. Study Area

The study areas were west district branches of the bank. The district contains 104 branches and; three branches are selected for this study. These are Torhayloch, Ayertena and Bethel.

3.3. Sampling Techniques and Sample size

3.3.1. Sampling Techniques

There are ranges of sampling methods that can be used in research development and this study is based on a quantitative technique, hence probability sampling method was used. Thus purposive sampling and simple random sampling (lottery method) was employed. West district of the bank is selected with purposive sampling. To get representative samples Among the 104 branches, the researcher adopted simple random sampling method (lottery method) on which the names of the branches were written on small pieces of papers and three were randomly selected for this study. The branches that were selected are Torhayloch, Ayertena and Bethel branches. The total number of customers in these branches was 73,057.

3.3.2. Sample Size Determination

$$n = \frac{N}{1 + N(e)^2}$$
$$\frac{73,057}{1 + 73,057(0.05)^2}$$
$$\frac{73,057}{183.5}$$
$$= 398.13$$
$$= \mathbf{398}$$

Thus, sample size of 398 customers are selected from the population of 73,057

Table 3.1: Questionnaire distributed to selected branches

no	Name of selected branches	total no questionnaire distributed
1	Ayer tena branch	133
2	Torhayloch branch	133
3	Bethel branch	132
	total	398

3.4 Types of Data and Tools of Collection

To prepare this research paper the researcher collected data by using both primary and secondary sources. The questionnaires were distributed to the customers of the bank. In order to collect primary data, a questionnaire consisting list of service attributes (based on different service quality dimensions); overall service quality statements have been developed and were used. The questionnaire covers the demographic profile of respondents and items to measure the constructs. All the questionnaire items were placed a 5-point liker type scale (1 being strongly disagree to 5 being strongly agree). The questionnaires were distributed to respondents while they were served at the branch. Filled questionnaires were collected on the same day. The secondary data was collected using books, journals and earlier empirical studies.

3.5 Method of Data Analysis

The researcher has used descriptive statistics because it supports to illustrate and summarize the input data. Descriptive research involves describing a problem, context or situation. Descriptive type questions are more structured and more reliant on prior ideas and methods.

The data's received from respondents were set in to the statistical package for social sciences (SPSS) and Microsoft excel in order to make the analysis and was analyzed by using appropriate statistical tools based on SERVQUAL method. Mean& standard deviation for each SERVQUAL dimensions to assess the service quality.

SERVQUAL, created by parasuraman et al. (1988) was adapted as the instrument for service quality measurement to obtain data required for analysis the Likert questionnaire of five ranges “Strongly Disagree” to “Strongly Agree” as measuring scale.

3.6. Ethical Consideration

This study considered original customer information which was collected using questionnaire and information gathered from the secondary data sources. The study also cited various literatures as originally sited by the authors as input for justifying and supporting the findings of the thesis.

CHAPTER FOUR

RESULTS AND DISCUSSIONS

4.1. Introduction

This chapter presented a discussion of the final results and the process through which the results were obtained. In addition in this back ground of respondents is presented. Finally, the statistical method was discussed which is the descriptive analysis using SPSS.

A total of 398 questionnaires were distributed out of which 381 were returned. Four questionnaires were rejected due to missing data. Therefore 378 questionnaires served as data for analysis to present the findings and draw conclusions.

4.2. Demographics and Personal Information

The questionnaire containing of twenty nine items, five were to measure personal data, six were to measure tangibility, four were to measure reliability, four were to measure responsiveness four were to measure assurance and four were to measure empathy.

Table 4.1: Distribution of demographic variables (N378)

No	Variable	Frequency	Percent
1	Gender : A. male	268	70.9%
	B. Female	110	29.1 %
	Total	378	100%
2	Age : Below25	75	19.31
	25-35	83	21.95
	36-45	79	20.89
	46-55	63	16.66
	Above 55	80	21.16
	Total	378	100
3	Nationality: Ethiopian	378	100
	Others	-	-
	Total	378	100
4	Educational level: High school	92	24.33
	Diploma	88	23.28
	Degree	186	49.20
	Masters or above	12	3.17
	Total	378	100
5	Duration being CBE's customer		
	Less than one year	31	8.2
	For two years	42	11.11
	Three years and above	305	80.68
	Total	378	100

Source: Questionnaire analysis, 2017

Based on the a sample size of 378 customers having bank accounts The percentage of all over the bank the percentage of male and female respondents were 70.9and 29.1 respectively which shows that the majority of respondents were male. Majority of the respondents fell in to the age range of 36-45. Most of the respondents (80.68%) have been CBE customers for three years and above, 11 of the total clients have been customer for two years, newer client's makeup only

8.2%. Hence majority of respondents were more experienced and served by the bank for more than 3 years, the data which is given by the customers have better credibility, so with this respect the data collected has good quality and reliable for analysis. Concerning educational level, (24.33%) were from high school, (23.28%) of respondents were diploma holders, majority of respondents have first degree (49.2%) while there were fewer of those with Masters or above (3.17%).

4.3. Service Quality Measurement

Measuring service quality has been one of the most recurrent topics in management literature, parasuraman et al.,(1988).Using SERVQUAL model ,the researcher tries to analyze the mentioned below.

4.3.1. Tangibility

Tangibles encompass the appearance of the bank representative facilities, materials, office equipment and printed materials. Tangibles are used by firms to convey image and signal quality Zeithmal, (2009). Considering the overall tangibles parameter of service quality the questionnaire were developed and distributed to respondents in order to measure the service quality in this aspect. Accordingly, the following results were found and stated in the table:

Table 4.2 Descriptive Statistics on Tangibility Dimension

<i>Item</i>	<i>All (n=378)</i>			
	<i>No. of respondents</i>	<i>Percentage</i>	<i>Mean Score</i>	<i>Std. Deviation</i>
The staff dress properly and appear neat				
Strongly Disagree	0	-	4.5	0.455
Disagree	5	1.3 %		
Neutral	3	0.3%		
Agree	140	37.03%		
Strongly Agree	230	60.8%		
The bank has up-to-date system				
Strongly Disagree	180	47.6%	1.6	1.326
Disagree	149	39.4%		
Neutral	45	11.9%		
Agree	4	1.05%		
Strongly Agree	0	-		
The bank's physical facilities are visually appealing				
Strongly Disagree	2	0.52%	4.4.	0.589
Disagree	8	2.11%		
Neutral	36	9.52%		
Agree	112	29.62%		
Strongly Agree	220	58.2%		
Materials associated with the service(booklet, statements are visually appealing				
Strongly Disagree	0		4.1	0.932
Disagree	11	2.91%		
Neutral	59	15.6%		
Agree	181	47.88%		
Strongly Agree	127	33.59%		
	Overall mean score		3.65	0.8255

Source: Questionnaire survey, 2017

According to the above table 4.2, the first item is dressing and neatness of the employees indicates that 87.82% respondents give positive response, 0.3% respondents response neutral, 1.3% of respondents give negative response and the mean value of this item is 4.5 which fall in strongly agreed scale it means customers have positive response on this item.

The second item on the tangibility dimension is on the bank's up to date system 1.05% respondents give positive response, 11.9% respondents response neutral, 87% respondents give negative response and the mean value of this item is 1.6 which falls in disagreed scale which indicates that there is a large amount of system fail and delaying happens while providing the service.

Regarding the bank's physical facilities 87.8% respondents give positive response, 9.52% respondents response neutral, 2.63% respondents give negative response the mean value of this item is 4.4 which falls in agreed scale.

Materials associated with the service (booklet, statements) are visually appealing 81.47% respondents give positive response 15.6% respondents response neutral, 2.19% respondents give negative response of this item and the mean value is 4.1 which fall in agreed scale which indicates that customers are satisfied by the facilities which are provided by the bank.

The overall mean for the tangibility dimension of perceived by the customers with a mean value of 3.65 which is significantly above the median value. Moreover, each attribute of the tangibility dimension are optimistically perceived by customers. This shows that facilities are appropriate for the provision the service delivery. However, one of the attributes under the tangibility dimension i.e., the bank has up to date system been rated with a mean score of 1.6 which is below the median value. Therefore, bank management needs to improve this attribute.

4.3.2. Reliability

Reliability involves the ability to perform the promised service dependably and accurately or delivering on its promises, Zeithaml, (2009). Reliability encompasses promised service time provided by the bank, accurate information and customer handling are considered to assess the service quality. Thus based on the respondents data, the researcher presented in the following:

Table 4.3. Descriptive Statistics on Reliability Dimension

<i>Item</i>	<i>All (n=378)</i>				
	<i>No. of respondents</i>	<i>Percentage</i>	<i>Mean Score</i>	<i>Std. Deviation</i>	
The staffs can provide you the services at the time they promise to do so					
Strongly Disagree	17	4.49%	2.5	0.52	
Disagree	45	11.9 %			
Neutral	16	4.23%			
Agree	210	55.55%			
Strongly Agree	90	23.8%			
The bank keeps your records accurately (statements, account balance, your contact information					
Strongly Disagree	0	-	4.5	0.390	
Disagree	2	0.52%			
Neutral	21	5.55%			
Agree	141	37.3%			
Strongly Agree	214	56.61%			
The staffs shows sincere interest in solving a problem clients face					
Strongly Disagree	19	5.02%	3.46	1.295	
Disagree	63	16.66%			
Neutral	37	9.78			
Agree	141	37.3%			
Strongly Agree	118	31.21%			
The bank performs the service right at the first time.(error free service)					
Strongly Disagree	13	3.43	3.9	1.179	
Disagree	34	8.99			
Neutral	3	0.79			
Agree	219	57.93			
Strongly Agree	109	28.83			
			Overall mean score	3.59	0.846

Source: Questionnaire survey, 2017

On the issues of reliability of the services delivered by the bank four items were measured. According to table 4.3 service provided by the bank at the promised time indicates that 79.35% respondents give positive response 4.23% respondents response neutral 16.39% respondents give negative response and the mean value of this item is 2.5 which indicates that customers are seeking more improvements on the bank's ability to provide the services at a time it is promised to provide.

The second point is that on keeping records accurately 93.91% respondents give positive response 5.55% of respondents response neutral, 0.52% respondents give a negative response and the mean value of this item is 4.5 which indicates the bank keeps records of the transactions and provides as accurate as possible financial statements and other data of transactions of its customers.

The other item showing sincere interest in solving a problem client's face with this regards, 68.51% respondents give positive response, 9.78% response neutral, and 21.68% respondents give negative response with mean value 3.46 which indicates that quick answer is not given for the clients whenever they face problems.

the bank performs the service right at the first time 86.76% of respondent give a positive response, 0.79% respondents response neutral, 12.42% of respondents give a negative response and its mean value is 3.9 which falls in agreed scale which indicates that staffs provides error free service.

The overall mean for the reliability dimension is 3.59 there is an attribute under the reliability dimension with the lowest result. Particularly, the staffs can provide the services at the time they promise to do so with a mean score of 2.5. As a result the above attribute by clients may have considerable effect on service quality towards reliability of the service provided.

4.3.3. Responsiveness

Responsiveness in the SERVQUAL dimension is measured in terms of organization quick response when there is a problem, the staff willing to answer client questions, service provider offering specific times for service accomplishments given to client and the public situation treated with care and seriousness, zeithmal, parasuraman & berry (1996). when the service provider provides prompt service to its customers, the customer perceives that he or she is

receiving good quality. Under this dimension, customers were asked to rate their response about how employees are rendering the service. Based on the response the following table shows the result.

Table 4.4: Descriptive Statistics on Responsiveness Dimension

<i>Item</i>	<i>All (n=378)</i>			
	<i>No. of respondents</i>	<i>Percentage</i>	<i>Mean Score</i>	<i>Std. Deviation</i>
The staffs exactly tells you when the services will be provided				
Strongly Disagree	73	19.31%	2.9	1.07
Disagree	115	30.42%		
Neutral	7	1.85%		
Agree	142	37.6%		
Strongly Agree	41	10.84%		
The staffs are willing to help you				
Strongly Disagree	54	14.28%	3.2	1.67
Disagree	121	32.01%		
Neutral	15	3.96%		
Agree	61	16.13%		
Strongly Agree	127	33.6%		
The staffs respond to requests promptly				
Strongly Disagree	32	8.46%	3.2	1.12
Disagree	131	34.65%		
Neutral	23	6.08%		
Agree	97	25.66%		
Strongly Agree	95	25.13%		
The staffs of the bank are never busy to respond to customers' requests				
Strongly Disagree	55	14.55%	3.187	1.181
Disagree	40	10.58%		
Neutral	108	28.57%		
Agree	129	34.12%		
Strongly Agree	46	12.16%		
Source: Questionnaire survey, 2017	Overall mean score		3.12	1.2602

As shown in Table 4.4 The staffs exactly tells you when the services will be provided with this regards 48.4% have positive response 1.85% response neutral and49.7% of respondents give negative response the mean value of this item is 2.9 the result implies that more improvement is expected from employees of CBE when communicating the service delivery time to customers.

Also the second attribute of responsiveness Staff respond to requests promptly 50.7% respondents have positive response 43.11% response neutral 6.08% respondents have a negative response, the mean value of this item is 3.2 this indicates that there is a service quality problem and improvement is required from the bank in order to enhance the employees' ability or motivation to render quick service to their customers.

The other attribute of responsiveness, willingness of employees to help their customers 49.73% respondents give positive response, 3.96% response neutral 46.29% respondents give negative response and the mean value is 3.2 This result indicated that customers are expecting more from employees of the bank to demonstrate willingness to help others.

the attribute that refers to employees sensitiveness to respond to customers' requests despite they are too busy in other tasks which marks a mean score of 3.1 which shows that employees' of the bank did not attend their customers if they are busy on other tasks.

In contrast to the above dimension's results, responsiveness has the lowest overall mean score i.e. 3.12 which falls in between disagreed and neutral scale.

4.3.4. Assurance

Assurance, Which relates to the knowledge and courtesy of employees and their ability to convey trust and confidence, parasuraman et.,(1991).customers frequently find difficult to evaluate the quality of the service if they have not experienced yet the particular service. It is believed that the level of customer's trust plays important role in assessing the quality of the service provided by the service provider.

Under this dimension customers were asked to rate the service quality about required skills and honesty of the employees. Thus, the following result found:

Table 4.5: Descriptive Statistics on Assurance Dimension

<i>Item</i>	<i>All (n=378)</i>				
	<i>No. of respondents</i>	<i>Percentage</i>	<i>Mean Score</i>	<i>Std. Deviation</i>	
The staffs have product knowledge of bank information and skill to perform service					
Strongly Disagree		-	3.8	0.891	
Disagree		%			
Neutral	49	12.96%			
Agree	208	55.02%			
Strongly Agree	121	32.01%			
The staffs speaks with you by using an appropriately address forms					
Strongly Disagree	35	9.25	3.7	1.346	
Disagree	40	10.6%			
Neutral	23	6.08%			
Agree	172	45.5%			
Strongly Agree	108	28.57%			
The staffs are trustworthy					
Strongly Disagree	0		4.8	0.090	
Disagree	0				
Neutral	0				
Agree	78	20.63%			
Strongly Agree	300	79.36%			
You feel safe in transaction with the bank					
Strongly Disagree	0		4.9	0.039	
Disagree	0				
Neutral	0				
Agree	60	15.87%			
Strongly Agree	318	84.12%			
			Overall mean score	4.3	0.5915

Source: Questionnaire survey, 2017

As indicated in the above table 4.4 the first item under assurance dimension is the staffs have product knowledge of the bank's information and skill to perform service 87.03% have positive response 12.96% response neutral with mean value 3.8 which indicates that The staff's product knowledge about the bank and the required skill to perform the service also yields highest score so this indicates that staffs make them feel safe when staying at the bank and have a deep knowledge, skills, capacity and experience to serve customers.

The staffs speaks with appropriately address forms 19.85% respondents give negative response 6.08% response neutral, 74.07% respondents give positive response with mean value 3.7 which fall in agreed scale.

The other item on the assurance dimension is staffs trust worthiness in this regard all the respondents give positive response with mean value 4.8 which indicates that the behavior of the staffs inspires confidence in clients.

The fourth assurance item transaction with the bank shows that all respondents give positive response with mean value 4.9 which shows that there is an assurance to transact with the bank.

Generally, compared to the previous dimensions assurance has the highest overall mean result which is 4.3 it is evident that customers of CBE perceive all the elements under the assurance dimension positively. This depicts that CBE are working well on this service quality dimension.

4.3.5. Empathy

Empathy comprises the provision of caring individualized attention to customers. Empathy is defined as the caring ,individualized attention the firm provides its customers ,parasuraman et al.,(1988).there are several ways the empathy can be provided :knowing the customer's name, his preferences and his needs. Many small companies use this ability to provide customized services as a competitive advantage over the large firm, Zeithaml(2009).if customers perceive that they are not receiving concerned ,personal, or individual attention from the service provider then their quality judgment will be negatively affected.

Table 4.6: Descriptive Statistics on Empathy Dimension

<i>Item</i>	<i>All (n=378)</i>			
	<i>No. of respondents</i>	<i>Percentage</i>	<i>Mean Score</i>	<i>Std. Deviation</i>
The staffs shows personal attention to you				
Strongly Disagree	8	2.11%	3.42	0.964
Disagree	84	22.22%		
Neutral	95	25.13%		
Agree	130	34.39%		
Strongly Agree	61	16.13%		
The bank has convenient time management				
Strongly Disagree	10	2.64%	4.007	0.782
Disagree	17	4.49%		
Neutral	61	16.13%		
Agree	162	42.85%		
Strongly Agree	128	33.86%		
The bank always keep its customers best interest at heart				
Strongly Disagree	44	11.64%	3.62	0.422
Disagree	59	15.60%		
Neutral	17	4.49%		
Agree	149	39.41%		
Strongly Agree	109	28.83%		
The staffs understands your specific needs				
Strongly Disagree	7	1.85%	3.41	1.168
Disagree	126	33.33%		
Neutral	23	6.08%		
Agree	147	38.88%		
Strongly Agree	75	19.84%		
			Overall mean score	3.614
				0.834

Source: Questionnaire survey, 2017

As depicted in Table 4.6 above, the first item under empathy dimension is the staffs willingness to give personal attention to its customers 50.52% respondents give positive response, 25.13% responses neutral, 24.33% respondents give negative response with mean score of 3.42 this evidence that customers are expecting more from the bank to get individualized attention or tailored services.

The second item on this dimension is convenient time management, with this regard 76.71% respondent response positive, 16.13% respondent's responses neutral, 7.13% respondents give negative response with mean value 4.007.

Keeping the customers interest at heart with this regards 68.24% respondents give positive response, 4.49% responds neutral, 27.24% respondents response positive score mean value 3.62 which falls in agreed scale

The staff understands your specific needs 58.72% respondents give positive response, 6.08% responses neutral, 35.18% respondent's response positive with mean value 3.41 So this shows that CBE and its staffs are not somehow paying attention and listen while delivering services according to the needs and wishes of customers.

The overall mean for the reliability dimension is 3.614 which approaches agreed scale.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of findings

The objective of the study is to assess the service quality in west district CBE branches. This study used the SERVQUAL model developed by Zeithmal et al. (2000) the dimensions are tangibility, reliability, responsiveness, assurance, and empathy. In this research descriptive study method and simple random sampling technique were used to collect the data and investigate research objectives. The study was conducted by distributing questionnaires to 398 customers from which 378 have been collected. The perceived service quality was measured using 5–Point Likert scale range from strongly disagree to strongly agree.

The demographic backgrounds of the sample respondents are presented in four parameters to understand the customer profiles i.e., gender, age, educational status and banking service experience.

Based on the data presented majority (70.9%) of the respondents were male. Regarding to age of respondents, majority of them fell in the age range of 25-35. Regarding to nationality (99.9%) respondents were Ethiopian.

Regarding to their educational status majority (49.2%) of the respondents were holders, degree holders. Regarding to duration of being CBE’s customer, (80.68) of respondents were customers of CBE for three years and above.

The service quality level was presented in five service quality dimensions. These are tangibility, reliability, responsiveness, assurance, and empathy.

The overall tangibility dimension of service quality scores means value of 3.65 which falls in agreed scale. This dimension is the second highest service quality dimension. The overall reliability dimension of service quality scores mean value of 3.59 which falls in agreed scale.

The overall responsiveness dimension of service quality scores mean value 3.12 of which is between disagreed and neutral scales and it shows the poor service quality with comparing to other service quality dimensions. Thus, CBE should analysis and revised its responsiveness in order to improve the service quality.

The overall assurance dimension of service quality scores mean value of 4.3 which falls in agreed scale. Also, CBE shows highest service quality in assurance dimension comparing to the other dimensions.

The overall empathy dimension of service quality scores mean value of 3.61 which is close to the agreed scale. It is the third higher dimension related to others dimensions of CBE's service.

5.2 Conclusions

The research was conducted to assess service quality in CBE west district branches.

Tangible encompasses the appearance of the bank representatives, facilities, materials and equipments. Findings indicate that there is high system fail and delaying happens while providing the service.

Related to reliability, this finding has an implication that the bank is good in maintaining the providing service at the first time and customers are inclined against the fact that the bank is positively willing to solving problems related to service complain. And shows that there is a problem on providing the service at the time they promised to do so.

Responsiveness is the timely reaction towards the customers' needs. The findings show that responsiveness dimension has lowest result. The employees are not giving timely service to their customers, did not anticipate the needs of the clients and proactively respond to these needs.

Assurance is mean of being safe, the responses state that the customers feel assurance is being important as part of the service quality that should be included. The finding indicted that it scores the highest result, customers have no doubt on product knowledge of bank information and skill to perform and trustworthy the employees. Customers feel that the bank has provided enough safety and confidence in their service. Most customers started to take it as granted that there is no safety problem in dealing with CBE.

The result agrees with the findings of Belay& Ebisa, (2012) they have done a research on evaluation of customer satisfaction on bank services; their finding shows that there are a number of problems hindering the smooth delivery of the banking services. The network problem for instance is the major obstacle which creates high system fail and delaying happens while providing the service and on the basis of Customers trust and confidence in CBE shows that it's not chosen by customers. Unlike them in this study customers trust and confidence (assurance service quality dimension) shows 4.3 the highest mean score value. In addition the result of the study agrees with that of Habte &bacha, (2015) they have done a research to evaluate the impact of service quality on customer loyalty in CBE; in which the result of their study reveals that the level of service quality on the basis of, waiting time is long in all branches of the study area.

5.3. Recommendations

Based on results of the test performed and theoretical study the following is recommended to commercial bank of Ethiopia west district branches. To adopt necessary strategies moving to improve service quality until take effective steps for attracting and satisfy the customers.

Tangibles: CBE should provide up to date and modern system, it is advisable if top management of the banks creates collaboration with concerned body to minimize the problems comes from it. It's more encouraged creating accessibility of connection. In order to avoid the system fail and delaying happens while providing the service.

Reliability: it is suggested that the bank should provide accurate service as promised and provides timely service.

Responsiveness: should provide timely service to its customers should anticipate the needs of the clients and proactively respond to these needs. Customers need to get prompt response from the staffs regarding their complaints and enquiries. To this effect the bank needs to establish effective mechanism for quick handling of enquiries and efficient customer services.

Assurance: the staffs should be polite to build trust in the service provider ability to respond to the needs of the customers.

Empathy: the bank should have the best interest at the heart. Besides, the bank staff should give personal attention to all customers and make every effort to understand specific customer needs. They should deal with in a caring fashion.

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Appendix

St'Mary University

Department of Business Administration

This questionnaire is designed to gather information on “assessment of service quality in Commercial Bank of Ethiopia a study carried out on west district branches. The purpose of the study is to fulfill a thesis requirement for the masters of business administration (MBA) at St'Mary University. Your highly esteemed responses for the questions are extremely important for successful completion of my thesis. The information that you provide will be used only for the purpose of the study and will be kept strictly confidential. I would like to thank you very much for your cooperation and sparing your valuable time for my request.

I. Personal data

1. Gender

Male female

2. Age

Below 25 25-35 36-45 46-55 above 55

3. Educational level

High school Diploma Degree masters above

4. Nationality

Ethiopian others (please specify) _____

5. How long have you stayed being customer of commercial bank of Ethiopia

Less than one year for two years three years and above

II. Survey of your responses towards the service quality.

This survey deals with your opinion about **commercial bank of Ethiopia Service Delivery.**

The score levels are described as: 5=strongly agree 4=agree 3=neutral 2=disagree 1=strongly disagree

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1. The staffs dress properly and appear neat					
2. The bank has up-to-date system					
3. The bank physical facilities are visually appealing					
4. Materials associated with the service(booklet, statements are visually appealing					
5. The staffs can provide you the services at the time they promise to do so					
6. The bank keeps your records accurately (statements, account balance, your contact information					
7. The staffs shows sincere interest in solving a problem clients face					
8. The bank performs the service right at					

the first time.(error free service)					
9. The staffs exactly tells you when the services will be provided					
10. The staffs are willing to help you					
11. The Staffs respond to requests promptly					
12. The staffs of the bank are never too busy to respond customers' requests					
13. The staffs have product knowledge of bank information and skill to perform service					
14. The staffs speaks with you by using an appropriately address forms					
15. The staffs are trustworthy					
16. You feel safe in transaction with the bank					
17. The staff shows personal attention to you					
18. The bank has Convenient time management					
19. The bank always keep its customers best interest at heart					
20. The staffs understands your specific needs					

THANKYOU VERY MUCH FOR PROVIDING THIS USEFUL INFORMATION!!!

