



**QUALITY OF SERVICE DELIVERY AND ITS IMPACT ON CUSTOMER
SATISFACTION IN AWASH BANK**

BY

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School of Graduate Studies
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JANUARY, 2019

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**A THESIS SUBMITTED TO ST.MARY'S UNIVERSITY COLLEGE,
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Declaration

I, Bethlehem Zenebe, hereby declare that the thesis entitled **Quality of Service Delivery and Its Impact on Customer Satisfaction in Awash Bank** is the outcome of my own effort and study and that all sources of materials used for the study have been duly acknowledged. This study has not been submitted for any degree in this University or any other University. It is offered for the partial fulfillment of the requirement for the Master of Business Administration (MBA) program.

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St. Mary's University, Addis Ababa

January, 2019

ENDORSEMENT

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

Advisor

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St. Mary's University, Addis Ababa

JANUARY, 2019

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List of Abbreviations and Acronyms

ATM	Automatic Teller Machine
SERVQUAL	Service Quality Instrument
SPSS	Statistical Program for Social Students

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Abstract

Service quality has been the core concept for the measurement of customer satisfaction in various industries and especially in the business sector. The research work of this thesis has undergone with the theme of measuring the level of customer satisfaction using attributes of the SERVQUAL instrument. Using a measure of customer satisfaction and the mean scores of the five dimensions of SERVQUAL (Tangibility, Responsiveness, Reliability, Assurance, and Empathy) a regression model was formulated. ANOVA was also calculated to see if any of the demographic variables had a statistically significant impact on any of the SERVQUAL dimensions. Convenience sampling was implemented to select a sample of 113 customers from four branches of Awash Bank, namely, *Temenja Yaj Branch, Arat Kilo Branch, Stadium Branch and Bole Branch*. Mean scores of the five dimensions were in the range of 3.6-3.7 with a standard deviation of roughly 1. Mean customer satisfaction was also around 3.65. The regression model developed showed that 61.7% of the variation in customer satisfaction was explained by service quality dimensions. Further, the service quality dimension of empathy (Beta = 0.377, $p < 0.01$) impacted satisfaction more than the other dimensions. Tangibility (Beta= 0.229, $p < 0.01$) was the second followed by assurance (Beta = 0.0221, $p < 0.05$). Reliability was not found to have a statistically significant to customer's satisfaction. The research therefore concluded that customers perception of all the service quality attributes are quite average which is not a desired outcome for a service entity. The regression model indicated that the empathy dimension of service quality carries a bigger weight in customer satisfaction. It is therefore recommended that Awash Bank provide trainings to its customer service officers to provide individual attention to its customers. Improving the physical appearances and facilities of its branches should also be done to improve the tangibility of its services. Further, periodic measurement of service quality and customer satisfaction should be practiced.

Keywords: Service Quality, Tangibility, Responsiveness, assurance, reliability, empathy and Customer satisfaction, Awash Bank

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

Customer satisfaction is considered as the crux of defining organizational performance. Enhancing customer satisfaction is critical because it is key to a business success of any business and more especially for the banking sector. According to Johnston (2007) in the competitive economy, customer's satisfaction has come under attention due to firm competition where organizations are trying to take competitive advantage through the human factor and customers. Business environment has been changed in all corners of the continent and in different countries due to globalization, free trade movement and the fierce competition among countries. And because of the reasons above, managers of financial institutions are urged to know and understand how to manage changes which are unexpected by cementing on customers' satisfaction so that they stay in the competitive business environment and to provide the acceptable financial profits (Kotler & Armstrong, 2010).

It's a common trend in today's world to sustain the ever changing and self-developing competition in the business world .The banking industry, being vital of a country's development, is under the ever changing competition. This is the highlighting reason why the banking industry entertains time dependent changes and upgrading measures (Baumann, 2007). Ladhari et al. (2011 cited in Ilyas et al., 2013) claim that quality of service influences satisfaction of its customers and it directly contributes to profitability of banking industry. Better corporate image, enhancement in customer satisfaction, cross selling opportunities, decreased customers' dissatisfaction, and increased opportunity for word-to-mouth recommendations are the advantages and benefits of good quality of service to banking industry that in return brings the assurance for long lasting and a good environment for the customer relationships (Hawke and Heffernan, 2006).

Lau et al. (2013) also agree that it is very important for banks to understand the ever-changing customer needs and adapting the latest information technologies in order to be competitive more effectively and efficiently with global organizations. Ethiopia, despite falling short of international expectation on the volume and capacity of banks, has seen advancement in the banking industry. Private Banks has followed the footsteps of Awash and Dashen Bank and has emerged in numbers. Due to this unwavering fact, various private banks have cemented their places in the country making the competition in the banking industry a fierce one (Belay and Ebisa, 2012).

In order to be the first choice for customers, all banks are active in implementing new technologies like the ATM, Internet banking, mobile banking and various technological outputs. The introduction of new products to serve different group like women, Children, Islamic banking, and door to door baking are recent phenomenon. This helps the banks to further strengthen their service providing capabilities which in turn adds to the banks competitive edge and further aid the banks customer satisfaction. Attaining the expected customer satisfaction level is vital for the success of any banks, to this end, gauging the level of customer satisfaction & their needs is important. With this in mind and taking Awash Bank as a case study, this research is intended to determine the level of service quality of the bank, the level of customer satisfaction and the impact of service quality on the level of the customers' satisfaction.

1.2. Statement of the problem

The likelihood of banks meeting customer's satisfaction is highly related to the service providing capability and excellence of the bank. A bank with the perfect service providing capability and experience is highly likely to satisfy the customer. On the contrary a bank which is less efficient in service is highly likely to lose customer satisfaction. Services are deeds, performances and processes provided or coproduced by one entity or person for and with another entity or person (Ladhari, 2008). When the expectations are exceeded, service is perceived to be of expectations are confirmed by perceived service, quality is satisfactory (Kanyurhi, 2013). Customer satisfaction is also defined as the attitude which results from

what customers believe should happen (expectations) compared to what they believe did happen (performance perception) (Baumann, 2007).

While managing their businesses, the banking industry is buying the idea that of the significance of customer-centric principles and philosophies, and started using service-quality management methodology. Moreover, it is imperative that superior customer satisfaction is the key for the success of a business. To this end, all efforts should be integrated in order to achieve this objective and maximize the stakeholders' value. Therefore, a business organization should have a thorough knowledge of customers' service quality expectations and how they perceive its service delivery (Johnston, (2007).

When analyzing customer satisfaction, the prime concern is the perception of the customer to the banks service. The assessment of the management board will only give the partial view on behalf of the leading bank hence the significant look will be from the customer point of view. Lacking the understanding of the level of customer satisfaction and their expectation might result in unhappy and non-loyal customers. Eventually, this causes loss of market share, which in turn minimizes the shareholders values. This indicates that holding strong competitive position in the market and in the customers' mind can be attained only if the customer is satisfied and become satisfied with the service delivered by the business organization. Assessing the level of customer satisfaction in a given bank gives an opportunity of amending wrong doings and further promotes a banks success and hence positively impact the country's economy.

In the line with the above arguments, service quality problems that could potentially affect the satisfaction of customers are observed in Awash Bank. Furthermore, most customers of the bank frequently complain about unavailability of electronic payment channels, like ATM, POS (Point of Sales), CORE (Centralized Online Real-time Electronic) Banking, and limited number of service windows at counters, poorly furnished waiting areas, etc. The internal assessment of Awash bank identifies unappealing and non-uniform office layout among branches, less reliable electronic payment channels particularly on weekends and holidays as well as frequent breakdown of critical operational office equipment (counting machines, copiers, and printers, etc...) as major gaps observed.

This research further investigates the level of service quality and factors that impact customer satisfaction. Therefore, the researcher of this paper assesses the satisfaction of customers at different branches of Awash bank and provide findings. Awash bank was chosen as a point of interest because it stands firmly on the banking front of the country and has been long in the banking industry as compared to the other private banks with over 370 branches as of June 30, 2017. The bank continues to be the leading private commercial Bank in Ethiopia in terms of branch networks that has thrived over 22 years in a rapidly evolving market and economy. Having grown from humble beginnings with visionary intent, the bank is the first private bank in Ethiopia to exceed a billion-profit mark in the history of Ethiopian private banks in the financial year 2015/16. Since inception, the bank has expanded through a combination of substantial organic growth.

1.3. Basic Research Questions

Following from the above statement of problem, the objective of this research paper is to assess the level of customer satisfaction and its determinants on Awash Bank. The Paper specifically addresses the following questions:

- What are the major dimensions of service quality and their relationship that influence the customer satisfaction, and the level of customer satisfaction?
- Are the customers of Awash bank satisfied well with the quality of services being delivered? And what is the level of their satisfaction?
- Which dimensions of service quality have dominant role in affecting level of customers' satisfaction at Awash bank?
- What is the existing level of service quality in Awash bank?
- What are the factors that affect satisfaction?
- How does the level of service quality affect customer satisfaction at Awash bank?

1.4. Objectives of the Study

1.4.1. General Objective

The general objective of the study is to assess quality of service delivery and its impact on the customer satisfaction in Awash Bank.

1.4.2. Specific Objectives

The specific objectives of the study are:

- To identify the major service quality dimensions those influence the customer satisfaction for Awash Bank.
- To identify which service quality dimensions have dominant role in affecting level of customer satisfaction in Awash Bank.
- To assess if the customers of Awash Bank satisfied with the quality of service.
- To assess the current level of service quality in Awash Bank.
- To analyze how the level of service quality affect customer satisfaction in Awash Bank.

1.5. Significance of the study

The researcher of this thesis work strongly believes that this study will contribute its own values and plays its role for both the academic community and the banking industry. The study can be used as a reference for further studies and can also be used as a comparison with past and future studies. On the other hand, the paper assessed the current standing of the bank on the impact of service quality on customer satisfaction and forwards the findings. The bank will be able to identify the gap between its perception of service and the customer's point of view. Upon further action the bank will merit in ways like customer retention and loyalty in addition to planning of future possible endeavors. On areas where the bank has strength on, the paper will recognize the areas and recommend further continuation of the strength.

1.6. Scope of the study

The study is delimited to the four branches of Awash bank in Addis Ababa; *Temenja Yaj*

Branch, Arat Kilo Branch, Stadium Branch and Bole Branch were included. These branches were selected due to a relatively higher passer-by traffic in their neighborhood as well as for their geographic location in different part of Addis Ababa. The satisfaction level of customers was centered on the given dimensions of the service quality. The service quality dimensions were reliability, tangibility empathy, responsiveness, and assurance. The paper did not address branches outside of Addis Ababa, and among the branches located at Addis Ababa, the scope is limited to the above mentioned branches. The paper is also limited in addressing customer satisfaction in accordance with the service quality dimensions.

1.7. Organization of the study

This study is organized in to five chapters, and, the first chapter deals with introduction of the study, background of the study, statement of the problem, objective of the study, significance of the study and scope of the study. The second chapter reviews the related literatures in the area of the study. The third chapter discusses the research design and methodology conducted in the research. The fourth chapter presents and discusses the analysis done and the fifth chapter discusses the summary of the major findings, conclusion and recommendation of the study. Finally list of reference materials, samples of instruments for data collection and other necessary document were annexed.

CHAPERT TWO

REVIEW OF RELATED LITRATURE

On this part of the paper various literatures which are related to the topic of the thesis work will be reviewed and discussed.

2.1 Conceptual literature review

2.1.1 Definition of customer satisfaction

Customer satisfaction is defined as a customer's overall assessment of the performance or experience that the company has offered to them. Baumann (2007) explained that the overall satisfaction across a product and service provided by the bank has a strong positive impact on a customer loyalty. Kanyurhi (2013) argues that customers reach satisfaction decisions by comparing the performance of a product or service with their prior expectations.

Customer satisfaction has many surfaces i.e. Service quality, loyalty, repurchase behavior and trust among others are some of the observable measures and these measures have been studied extensively in isolation or together by different marketing scholars (Lusala, 2016). Previous studies in the developed countries such as the studies done by Anderson and Fornell (2011) and Anderson and Mittal (2000) have attempted to look at different dimensions of quality and how they relate to customer satisfaction.

2.1.2 Service quality

Quality of service can be defined as the difference that exists between customers' expectations of the delivery of the service quality ahead of their experience to the service and their perceptions of the service being delivered to them. Ladhari (2008) discusses that quality of service has a significant impact on the tangible performance and capacity of a business firm and consequently on the competitive power that will be the outcome of an improvement in the quality of the service delivered, thus the perceived service quality by the customers exceeds the level of the quality expected by the customers .

Zeithmal et al. (2000) discussed that the dynamically increased and fierce competition in the business in these days has brought service quality to become a popular area of academic

research and has been given recognition as the significant and the crux of the business continuity with competitive capability, and at the same time assuring a satisfying relationship with customers. Ladhari (2008) argues that quality of service is taken as a vital tool for a business to position itself in the frontline of the business competition against its competitors. Because of this service quality has been recognized remarkably and received a huge deal of attention from both angles of the academicians and practitioners. Service quality is what the outputcustomer's yield, as discussed by Akroush (2008), when they compared what they feel the service firms should offer and the perceptions of the quality of the service that the businesses deliver them.

The expectation of customers is a basis for measuring the quality of service since quality is higher when the performance exceeds the expectation and quality is lower when the performance doesn't meet their expectation. Cronin et al. (2000) and Wong et al. (2008) discusses the association of quality of service with customer satisfaction, and its relationship with the financial performance, costs of manufacturing and the loyalty of customers. Thus, those businesses in the service provision industry should buy the concept of "service quality" strategically in order to implement it effectively and efficiently. Firms strive to keep the continuity of their business confirming their assurance in the market share and they attain it through the delivery of quality of service which in turn brings a higher level of customer satisfaction. Kotler & Armstrong (2010) defined service quality as attaining the needs & expectations of customers, whereas service quality is also defined as the degree of difference between the customer's expectations for the service being delivered and their perceptions of the performance of the service.

Moreover, Lassar and Winsor (2000), defined service quality further as the complete assessment of as a service with the ten dimensions of service quality; Tangibility, Reliability, Responsiveness, Competence, Courtesy, Credibility, Security, Access, Communication and Knowledge of the Customer. The above ten service quality dimensions were the output of a questionnaire with 97 different items (Ladhari, 2008). The ten dimensions of service quality were fined-tuned in to five to measure customers' perceived value of service quality, which is known as SERVQUAL as Zeithaml (2000) discussed it. However, the SERVQUAL model has received a fair share of critique in that some argue that the model is only applicable to

service quality and not tangible products, and the critics further add that it has high dependency on the expectations of the customer. The SERVQUAL model has become a dominant instrument for the evaluation of quality of service because of the reasons that it provide researchers the techniques for evaluating and managing quality (Maswadeh, 2015).

2.1.3 Service quality and customer satisfaction

The relationship of service quality and customer satisfaction was discussed on different studies and in different perspective. Some of the studies depicts that that it is the quality that leads to satisfaction, McDougall & Levesque (2000). Negi (2009) and others support that satisfaction leads to quality and clearly points out that the cumulative service quality is associated with and contributes to the overall satisfaction of customers. Whereas, Saravanan & Rao (2007), and Lee et al. (2000) argue customer satisfaction as it is based on the level of service quality delivered by the service providers and the researchers further argue that service quality leads to customer satisfaction.

The dynamically changing service industry in the 21st Century compelled the banking and the financial service sector to have a quality of service with excellent performances. The era demands the banks to be a world class standard, and being committed to professional and service excellence in assuring customer satisfaction and such that to have a vital role in the ever growing & developing financial sector, Guo et al. (2008). The banking industry has shown a huge development and remarkable change since the last years of the last decade, and more especially in the last few years since the customers from all corners of the world have brought a demand of service with a high level of quality. Financial institutions, more specifically the banking industry recognized the need to meet customers' desire and in the same manner they recognized service quality as the crux of the momentum that will drive the bank's business up in success (Victor et al., 2016).

2.2 Theoretical Literature review

2.2.1 Importance of Service Quality

For the financial institutions to remain competitive, they are obliged to provide an increasingly diversified range of financial services, Hinson et al., (2006). Thus the essence of the bank's business and their success rely on being capable of competitive and on their

commitment to improve the quality of their financial service constantly to meet the ever changing demand and needs of their customers, which in turn also driven by the ever changing and developing technology. And the success finally depend on clearly understanding these ever changing expectations of the customers since customers compare perceptions with expectations in judging the quality of the services offerings (Van Quyet et al., 2105). Tsoukatos and Mastrojianni (2010) studied to build a retail-banking specific service quality scale, examine its item and factorial structure, asses its reliability and validity and applied BSQ in banks to understand better the determinants of quality in the banking industry and they depicted that Assurance/ Empathy, Efficiency, Reliability, and Confidence.

Lymperopoulos and Chaniotakis (2006) discussed customers' behavior in the selection of the bank for deposit services as dependant on the quality of service and they determined the role of service quality and contribute in providing insights that will benefit the managers of banks in the development of high-quality customer-to-bank relationship. The researchers identified that the factors that determine the main selection criteria for the choice of consumer banking as product attributes, access, and communication. They also extended their discussion stating that the quality of banking services as the most important factor considered by customers who are evaluating the provider of their mortgage and attempting to establish long-term relationships.

Service quality being one of the critical key factors that determines the competitiveness of a firm in its business sector, a bank in the financial service industry can position itself in the frontline ahead of its competitors by providing a higher level of quality of service, Bahia and Natel (2000). Sharma et al. (2006) extends their discussion on the criticality of quality of service delivery as it is the pillar of the businesses' sustainable survival and growth of the bank which is otherwise will not be guaranteed and assured by the huge amount of its investment.

2.2.2 Customer Satisfaction in Banking Sector

The crux of a banks' that drive the customers satisfaction in the financial service industry is the amiability factor that is associated with the features of a bank and the attributes of its personnel. Rust and Zahorik (1993), and Krishnan et al., (1999) presented their studies as

satisfaction with perceived product quality is the vital driving factor of overall customer satisfaction. The researchers further depicted and presented that the impact of service delivery factors varies considerably on customer satisfaction, and suggested that satisfaction or dissatisfaction of customers with retail banking services doesn't come from factors of the same nature. They put their argument further as if some elements of service quality improved, it will also enhance the satisfaction levels of the customers, whereas some other elements may not improve satisfaction, but reduce dissatisfaction along.

2.2.3 Relationship between Service Quality and Customer Satisfaction

Brady et al. (2002) presented the exact relationship between satisfaction and service quality as a complex subject matter. Zeithaml (2000) put his conclusion on the subject matter as the incomprehension in the difference between the two constructs was partly attributed to practitioners and the popular press that use the terms interchangeably, which makes theoretical distinctions difficult. Parasuraman et al (1988) presented that there is considerable difference in the interpretations of service quality and satisfaction. Parasuraman et al. (1988) related customer satisfaction to a specific transaction as quality of service is based on attitude. This in turn correlate the perceived quality of service with a global judgment, or attitude, relating to the superiority of the service. Cronin and Taylor (1992) argued against Parasraman et al. (1985) and they discussed pragmatically the idea of that perceived service quality leads to satisfaction and also argued that service quality is a precursor of consumer satisfaction. They also postulated that consumer satisfaction is positioned to effect an enhanced influence on the intention of purchase rather than service quality, and summarized their study as that the strategic emphasis of services which business firms need to focus on the overall satisfaction programs.

Ntongai et al., (2015), Sackey et al., (2012), and Saghier and Demanya (2013) conducted their studies on the relationship that is existing between the quality of service and customer satisfaction and these researchers claimed their findings as all the five service quality dimensions (Empathy, Assurance, Tangibility, Reliability, and Responsiveness) don't contribute to customer satisfaction. Ntongai et al. (2015) stated his findings as that only the Reliability, Assurance and Empathy are the ones that contributed a positive and significant

contributions on customer satisfaction while the other two Tangibility and Responsiveness are not significantly important in contributing for customer satisfaction.

Cudjoe et al. (2015) also added that some of the dimensions of service quality fell short customers' expectations as their perceived service quality was less than their expectations, whereas Sackey et al., (2012) found that empathy and responsiveness didn't meet customer expectations. Customer satisfaction is also found as it is significantly impacted by Reliability, Empathy, Assurance and Responsiveness and the dimension of Tangibility as it doesn't have such significant effect on customer satisfaction, where as Anand et al. (2012) found out that responsiveness, reliability and empathy impact customer satisfaction significantly omitting Assurance and Tangibility. Vera and Trujillo (2013) discussed that perceived service quality as a component of customer satisfaction although they stated that the other factors such as the price and the quality of the product can affect the satisfaction of the customer. Murali et al. (2016) argue that application of a customer satisfaction principles or philosophy demands certain steps to be taken such as understanding customers, identifying the need of customers, their expectations and to be able to measure their perceptions, and perceptions are considered in relation to expectations.

2.2.4 SERVQUAL SCALE

SERVQUAL scale is a principal tool in services marketing literature for conducting service quality. SERVQUAL has been used widely by both the industry and academics to assess customer perceptions of service quality for a variety of services. SERVQUAL indicated five dimensions of service quality that emerged across a variety of services (Magesh, 2010). Of the five dimensions, Tangibility is the appearance of physical facilities, equipment, personnel, and communication materials, while Reliability involves with the ability to perform the promised service dependably and accurately, whereas Responsiveness is the willingness to help customers and provide prompt services, and the fourth dimension Assurance is related to the knowledge and courtesy of employees and their ability to inspire trust and confidence, and the last one, Empathy, is related to the caring, the individualized attention the firm provides to its customers.

Cronin and Taylor (1992) discussed SERVQUAL as it contains 22 pairs Likert scale statements in its original form, that are structured around five service quality dimensions in order to measure service quality. Each statement appears twice, and one of the statement measures customer expectations of a service industry, while the other measures the perceived level of service provided by an individual firm in that industry. The 22 pairs of statements are designed to fit into the five dimensions of service quality. A five-point scale ranging from “strongly agree” (5) to “strongly disagree” (1) accompanies each statement. The “strongly agree” end of scale is designed to correlate with high expectations and high perceptions. Service quality occurs when expectations are met (or exceeded) and a service gap materializes if expectations are not met. The gap score for each statement is calculated as the perception score minus the expectation score. A positive gap score implies that expectation have been met or exceeded and a negative score implies that expectations are not being met. Gap scores can be analyzed for each individual statement and can be aggregated to give an overall gap score for each dimension (Magesh, 2010).

Common result of the relevant researches can be summarized as such that, perceived service quality is the result of comparison of service performance with customer expectations and the evaluation of service quality does not only depend on final output but also on the way of how the service is provided (Zeithmal et al., 2000).

2.2.5 Development of service quality models

It is evident from the reviews of the literatures that there has been a progressive development in the principles and concepts of service quality and it seems that the development is still continuing because of the day-to-day increasing of importance of the concept of quality of service and its vital role for a business firm to survive in the fierce competition of the business world. As already pointed out over the previous discussions, one of the most renowned and popular measure of service quality is the SERVQUAL model. SERVQUAL is a diagnostic tool that uncovers a firm’s broad weaknesses and strengths in service quality (Zeithmal et al., 2000). The SERVQUAL model emphasizes on the five dimensions affecting the delivery of excelled service quality.

According to Zeithaml (2000), and as already discussed above, the five dimensions of the SERVQUAL scale include the following dimensions:

1. The appearance of physical facilities, equipment, personnel, and communication Materials (Tangibility)
2. The ability to perform the promised service dependably and accurately (Reliability);
3. The willingness to help customers and provide prompt services (Responsiveness);
4. The knowledge and courtesy of employees and their ability to inspire trust and confidence (Assurance);
5. The caring, the individualized attention the firm provides to its customers. (Empathy).

SERVQUAL is intended to measure quality of service as perceived by the customers.

A high-quality service would bring a satisfaction at a level that match the level that the consumer imagined should be delivered. The level of performance that a high-quality service should provide is named as the expectation of consumers. Consumers judge quality as low if the performance is below their expectations. Mokhlis (2012) depicted this with a scenario that if a firm's responsiveness was below the consumer's expectations of the responsiveness

2.2.6 Customer expectations

Levesque and Dougall (1996) explained customer expectations as desires or wants of customers i.e. what they feel or assume a service provider should offer more than what is in offer. Thus the knowledge and understanding of customer expectations of a service plays a vital role for delivering satisfactory services. Some researchers previously had depicted that how customers assess the performance of a service provider was based on the single level of expectation standard, whereas some past researchers kept evolving and extending the conceptual model of expectations, putting a lot of effort to pinpoint the critical element within customer expectations, and these researchers offered multilevel of customer expectations (Baker, 2000).

2.2.7 Impact of service quality on customer satisfaction

Service quality is one of the stronger predictors of customer satisfaction and different researchers in different industries in different times studied the association among the service quality and satisfaction of customers (Cronin and Taylor, 1992; Cronin et al., 2000; Dabholkar et al., 2000; Spreng and Mackoy, 1996). Levesque & McDougall (1996) discussed that in the retail banking industry, the bank's service quality dimensions of the relational performance, the core performance, and the feature performance as the significant predictors of customer satisfaction. Other different researches were also done for the same subject matter for the financial industry, where dimensions of service quality were inspected as the prognosticator of the satisfaction of customers (Krepapa et al., 2003; Mc Dougall and Levesque, 2000; Ndubisi and Wah, 2005).

2.3 Empirical Literature Review

2.3.1 Service quality Model

The service quality model developed by Baumann and Johnston (2007) managed to define the five dimensional pillars of perceived quality of service, namely Tangibility, Reliability, Responsiveness, Empathy & Assurance as the tool for the measuring of the quality of service.

2.4.1 Tangibility as a SERVQUAL dimension

The tangibility is being associated with the presence of the businesses' physical facilities, materials and equipment, and the communication materials as well. Ladhari (2008) adds further that the physical environmental presence as imagined to be an evidence for the care and consideration made for the details of the services delivered by the service provider. Davies et al., (2003) generalized "tangibility" as the physical confirmation of the service . In this research paper "Tangibility" is the bank's equipment, staff appearance and the banking services offered by Awash Bank as perceived by an individual customer of the bank, the "tangibility" are measured using 4 items of the "tangibility " dimension of the 22 item SERVQUAL.

2.4.2. Reliability as a SERVQUAL dimension

The “reliability“ dimension is associated with the right handling of customer service issues, providing the service offers on time. The reliability is also being defined as the vital factor in conventional service as Malhotra and Mukherjee (2004) discussed. Reliability is also the concept about the right order fulfillment, the accurate records, the accurate quote, and overall keeping the level of quality for the promised service. As it was previously defined, reliability is the ability to perform the promised service dependably and accurately, as it was also discussed by Zeithmal et al., (2000). In this thesis work, reliability is the ability of Awash Bank to execute the promised service as perceived by the individual Awash Bank customer, this is measured using 4 items of the reliability dimension of the 22 item SERVQUAL.

2.4.3 Responsiveness as a SERVQUAL dimension

Kanyurhi (2013) stated Responsiveness as the willingness of the business to help its customers and to provide prompt services. Moreover, Johnston (2005) defines responsiveness as speed and timelines of service delivery. This is associated with the capability of a service to respond to the customers’ requests promptly. In addition to the previous association related to speed, reliability is also associated with the willingness and/or readiness of the employees to provide the service. Kumar et al. (2009) further elaborates that responsiveness as the capability of understanding and knowing well what the customer is demanding and in need of. Which is also the specific attention given by the business, and the focus given to the problem and the safety of the customers in their relationship with the firm. And in this research, responsiveness is conceived as the readiness of the bankers at Awash Bank to provide punctual services as perceived as by the bank’s customers.

2.4.4. Empathy as a SERVQUAL dimension

Empathy was defined as caring and specific attention that the firm provides to its customers as discussed by Akroush (2008). Empathy is about giving a focused attention to employees to know who understands well the needs of the clients from their business or the service they are providing. Kanyurhi (2013) illustrated Empathy in the specific area of the banking industry, as providing distinct attention or personal attention to customers and understanding what needs

do the client has specifically. Ladhari (2008) discusses Empathy beyond understanding of customer needs, and he added that it is also about the sensitivity and approachability commitment made to understand the needs of the customers. And moreover Empathy is explained as the ability to make customers feel welcomed by the employees of the business firm. This study uses 4 items of the empathy dimension of the 22-item SERVQUAL.

2.4.5. Assurance as a SERVQUAL dimension

Assurance is about to safety and certainty customers feel and the comfort they have while they interact with the business firm Levesque and Dougall (1996). This all about the feeling of security which the customers attain while in their relationship with the business as discussed by Zeithaml et al (2000). Therefore in this research we assess the privacy policy of Awash Bank and the protection it provides to its customers for any of their information or any transaction they do with the business.

2.4 Customer Satisfaction

Tsoukatos and Rand (2006) illustrated the advantage of assuring customer satisfaction through offering high quality services as pillar of a business firm to overcome the fierce competition among their competitors. Magesh (2010) depicted that to sustain in this competition it is necessary to understand that customer satisfaction requires achieving the expectation of the customers for the service or product of the business that is supposed to provide. As it is discussed by Munusamy (2006) that customers are satisfied if the performance of the business matches or exceeds their expectations or otherwise the customers will be dissatisfied.

When expectations are achieved it implies that satisfaction is met and an unachieved expectation implies the reverse that is the dissatisfaction of the customers as discussed by Oliver (2000). Lau and Cheung (2013) illustrated that the intention of customer satisfaction that comes from what the customers believe should happen, that is what we mean “anticipation” compared to the scenario when what they believed to be is not happening, that is the perceived performance. They added that also satisfaction strengthens quality perception and urges repeat purchases. In the case of the financial industry, taking the case of the banking

sector the pillar of the customer satisfaction is based on how strong the relationship between the customers and the service providers is.

2.5 SEVQUAL to measure customer satisfaction in Ethiopian banking industry

SERVQUAL is used and implemented widely to measure customer satisfaction in the financial industry and in the baking business sector. Ciprin and Sarica (2014) applied the SERVQUAL model to measure the quality of service in the banking sectors of Turkey. They used the evaluation of the comparison of the expected quality and the perceived quality in the five dimensions of Tangibility, Responsiveness, Reliability, Assurance and Empathy and the average of these scores yielded the SERVQUAL score of -1.483. And they come to the conclusion of 76.5% of customers' expectations had been achieved while parallely they also identified the "responsiveness" to be the strongest in achieving customers' satisfaction. In this study of these researchers, Cirpin and Sarica (2014), they used a sample of 126 people to arrive at their conclusion and findings. Ilyas et al. (2013) studied the impact of service quality in customer satisfaction and used SERVQUAL model to measure the service quality of banks in Lahore, Pakistan. In this study of the researchers, 175 peoples were participated, and they concluded that the mean score of the perceived service quality in Empathy was the highest. They also added that the perceived service quality in each dimension was influenced by the demographic factors like gender.

SERVQUAL was also used by Sharma (2016) to study the satisfaction level of customers in a bank found in Pune, India. The objective of the research was to identify the effect of service quality of a bank on the bank's customers and to measure the satisfaction level of the customers. And the goal of the research was to provide the management of the bank inputs to improve the quality of the services delivered. Here also in our country some studies were done on the impact of service quality on customer satisfaction. Gebre (2010) conducted a study on customer's perception of service quality in three local banks of Ethiopia. Customers' expectations were not met as found in his study. Tangibility and Responsiveness have shown higher gap scores between expectations and perceptions among the five dimensions of quality of service. Among the five dimensions, the Reliability dimension showed the negative gap

score at all the three banks illustrating that the customers do not perceive that the banks do provide consistent service. Empathy was also higher at two of the banks.

Another researcher on the subject matter, Bersisa (2015) implemented SERVQUAL to measure service quality at OIB, Oromia International Bank, and identified that all the dimensions of the service quality at the bank was below the expectation of the customers. The gap between expectation of the customers and their perception was found to be the higher in the Tangibility dimension.

2.6 Conceptual framework

Researcher aims adopting a modified conceptual framework that is the SERVQUAL model with five dimensions consisting: Tangibles, Reliability, Responsiveness, Assurance, and Empathy to be *independent variables* and customer satisfaction as *dependent variable*. SERVQUAL Model is a suitable for measuring service quality and customer satisfaction in banking industry. The researcher of this thesis work will use the same dimensions to measure both service quality and customer satisfaction because both are related (Parasuraman, 1988). The SERVQUAL approach integrates the two constructs and suggests that perceived service quality leads to customer satisfaction. The model is to find out the overall services quality perceived by customer if it meets the customer needs and satisfies.

The SERVQUAL instrument developed by Parasuraman et al (1991) has proved popular, being used in many studies of service quality. This is because it has a generic application and is a practical approach to any area. A number of researchers have applied the SERVQUAL model to measure service quality in different service industries with modified constructs to suit specific situations. Parasuraman et al (1985) developed the gap model and the subsequent SERQUAL instrument designed to identify and measure the gaps between customers' expectations and perceptions of the service received. Service quality from the consumer's perspective depends on the direction and degree of difference between the expected service and the perceived service. Thus, by comparing customer's expected service with customer's perceived service, banks, for example can determine whether its service standard is appropriate. The gap between expectations and perceptions of performance determines the level of service quality from a customer's perspective.

The SERVQUAL instrument consists of 22 statements for assessing consumer perceptions and expectations regarding the quality of a service. Consumer's perceptions are based on the actual service they receive while consumer's expectations are based on past experiences and information received

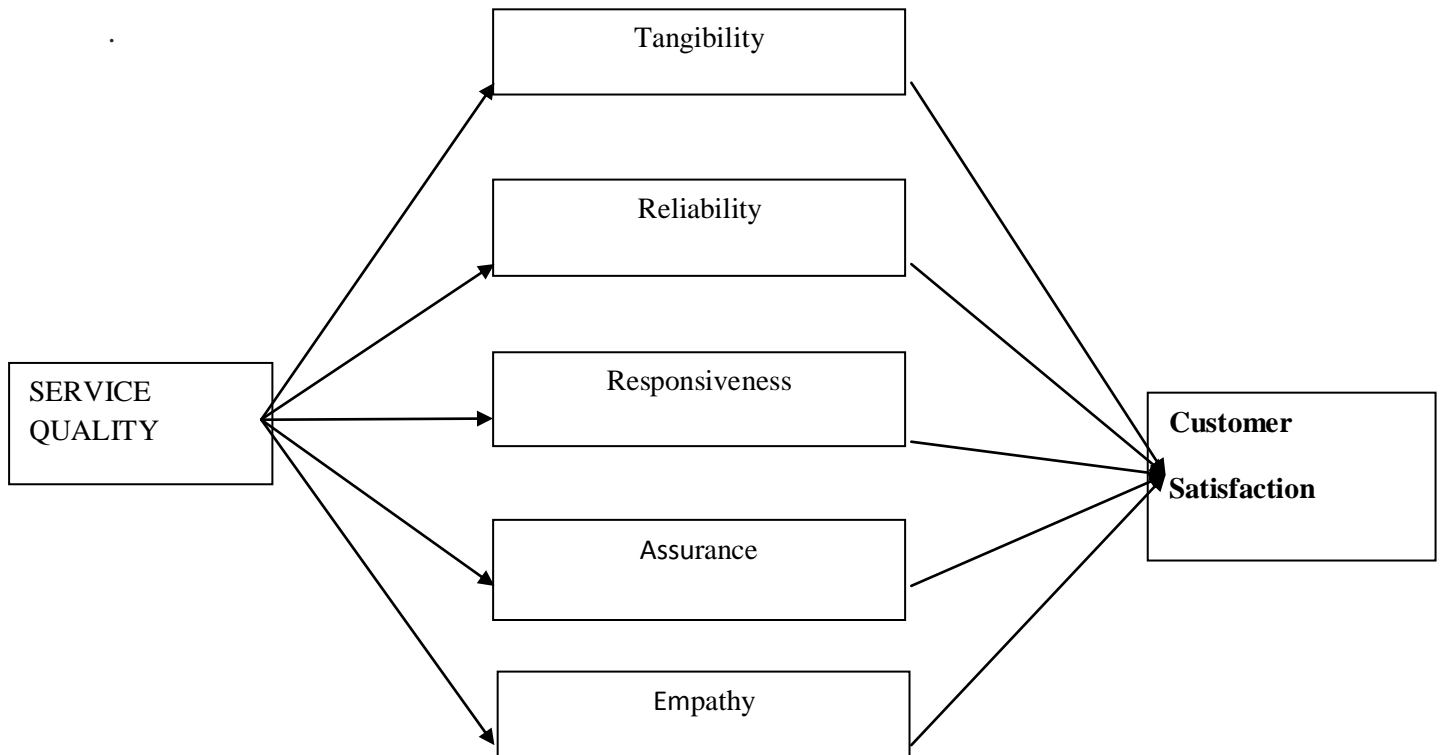


Figure 1 Conceptual Framework

Source: adopted from the SERVQUAL model, A.Parasuraman,*et.al.*,1985

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research Design and Approach

This research work used a causal research design with a quantitative research approach. As per Mugenda (2003), a survey is defined as an attempt to gather data from members of population in order to determine the current status of data from members of a population with respect to one or more variables. One of the objectives of this research is describing the general feature of service quality and customer satisfaction in Awash bank, and for this reason descriptive and causal designs are used. Quantitative data are collected to fully address the objectives of the study.

3.2 Sources of Data

This research has both the primary and the secondary data sources. The primary sources of data focuses on customers' response, on the other hand the secondary data were collected from related literatures, such as, books, researches, articles and journals.

3.3 Target Population of the study

In general, the target populations of this research were the customers of Awash Bank. The research did not make any distinction between the different groups of customers using different products of the bank since the general objective of the research paper is to assess the quality of service delivery and its impact on the customer satisfaction.

3.4 Sample size and sampling techniques

Since SERVQUAL tool is a Likert item data which is discrete or ordinal, there has been a long standing dispute about the most valid way to analyze Likert data. Those who suggest the use of parametric tests, such as the 2-sample t-test, assume a normal, continuous distribution. However, with a sufficient sample size, t-tests are robust to departures from normality (Winter and Dodou, 2010). Chuan (2007) also point out that three of the most common factors

influencing the size of the sample are the size of the population, tolerable sampling error and variation of variable of interest within the population. In management studies the most common alpha level is 0.05 while a 10% margin of error represents the effectiveness of the measure. Hence to calculate a 95% confidence interval for proportion, with a 10% margin of error, the following formula was used.

$$\begin{aligned} N &= (z^2 * p * q) / d^2 \\ &= ((1.96)^2 * 0.5 * 0.90) / 0.1^2 \\ &= 173 \end{aligned}$$

n = Sample size

z = 95% confidence interval (1.96)

P = proportion of the population

q = 1-p=0.5

d = margin of error

Considering a 75% response (completeness of questionnaire) a total of 130 questionnaires were distributed. A non-probability sampling technique of Convenience sampling (also known as availability sampling) was used to identify participants from four branches of Awash bank namely, TemenjaYaj, Arat kilo, Stadium and Bole. This was basically managed by visiting Awash bank branches mentioned above and collecting data from participants that are available at the branches and willing to participate. Saunders, et al. (2012) recommend the use of convenience sampling for the purpose of reducing the time and cost required for data collection. Generally, the following steps are conducted in the data collection procedure:

Step 1: Identify issues and/or opportunities for collecting data

Step 2: Select issue(s) and/or opportunity(ies) and set goals

Step 3: Plan an approach and methods

Step 4: Collect data

Step 5: Analyze and interpret data

Step 6: Act on results

3.5 Data collection Instrument

The research work presented here depends on those primary data collected from the participants using a questionnaire. The questionnaire has two parts: the first part consisting of five questions pertaining to the demographic background of the respondents. The second part is comprised of 24 questions based on the popular SERVQUAL model originally developed by Parasuraman et al. (1985) those are related to service quality and customer satisfaction along with five questions intended to measure customer satisfaction. The respondents were asked to rate each statement of the questionnaire using the Likert scales of 1 to 5 (from 1 that is strongly disagree to 5 that meant to be strongly agree) (see Appendix I).

3.6 Method of Data Analysis

The data collected from customers of each branch of Awash Bank using the questionnaire is basically quantitative data. Though the data collection instrument was developed based on the SERVQUAL instrument, Cronbach's alpha was used to measure reliability of the measure. Moreover, descriptive statistics along with one-way ANOVA was implemented to summarize the demographic data as well as to test if any of the demographic variables have any statistically substantial impact on any of the SERVQUAL dimensions. Descriptive statistics was again utilized to summarize the five dimensions of the SERVQUAL and customer satisfaction. Then, based on the mean scores for the SERVQUAL dimensions and customer satisfaction, regression analysis was conducted using SPSS Version 23 as a tool.

3.7 Ethics in Research

In the process of managing, and analyzing the questionnaires, names and any identifying remarks were not used. The confidentiality and the privacy of the respondents of the questionnaire is kept well and any data received for the study kept only at the hands of the researcher of this thesis and it will not be disclosed to any other person by any means of communication, whether it is in printed or digital format. The data and information used in this paper were based on the results of the questionnaires of respondents rather than using the opinion and input of the researcher. Any result or interpretation reached at is because of solely based on the data gathered.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

This chapter deals with the discussion and analysis of data collected from the four branches of Awash bank as discussed already in the previous chapters. As already discussed in the research methodology chapter of this research, the research was based on primary data collected through a questionnaire developed from the SERVQUAL instrument. Out of the 130 questionnaires given to respondents, a total of 120 were collected but only 113 were found to be usable for analysis.

4.1 Background of respondents

Figure 4: 1 Participants Profile

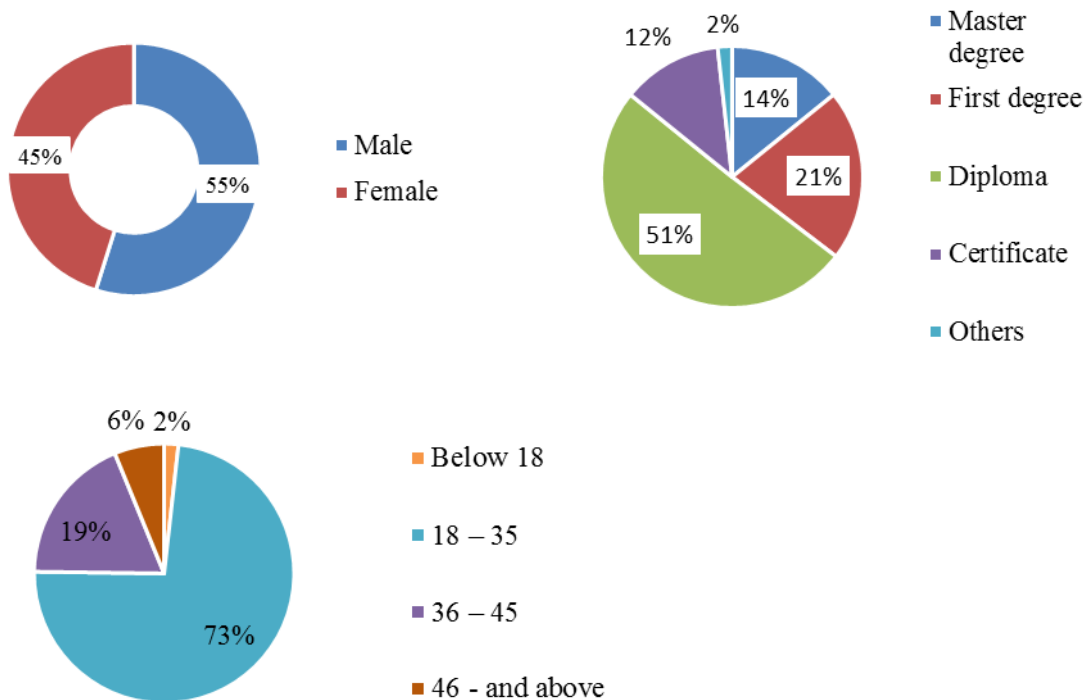


Figure 2 Participants Profile

Source: Own survey (2018)

The first three demographic variables tried to look at the gender and level of education distribution of the participants. As it can be seen in the diagram above (figure 4.1), the number of males (55%) was a bit more than the females (45%) while participants with a diploma (51%) dominated the participants by the level of education part. And the age distribution gives a picture that looks like majority of our participants are between the ages of 18- 35%. The second highest age group is in the age category is between 36 - 45.

Banking with Awash bank	Frequency	Percentage %	Commutative percentage
Less than 1 year	12	10.6	10.6
1 - 5 years	56	49.6	60.2
6 - 10 years	25	22.1	82.3
11 - 15 years	10	8.8	91.2
16 - 20 years	10	8.8	100.0
Total	113	100.0	
Alternative Bank accounts			
Yes I have another account	88	77.9	77.9
No, I only use Awash bank	25	22.1	100.0
Total	113	100.0	

Source: Own survey (2018)

Table 1 Participant's banking experience with Awash bank

Regarding the respondents' number of years of banking experience with Awash bank, 49.6% of the participants have been with Awash bank from one to five years and 22.1% have been using the banking service of Awash bank for 6-10 years. A closer look at the table shows close to 90% of the respondents have been using the banking service of Awash bank for more than one year suggesting that their experiences are enough to rate the service quality dimensions at Awash bank. In the same manner, we can also see that 88% of the respondents of the questionnaire have accounts in other banks and hence we can make the assumption that their experiences with other banks could be a good input to rate Awash bank's service quality and their satisfaction.

ANOVA was also used to test if any of the demographic variables have a statistically substantial impact on the variables of interest (SERVQUAL dimensions and customer satisfaction). Except 'alternative bank accounts' none of the demographic variables were found to have any statistically significant impact on the service quality and customer

satisfaction variables. The demographic variable used as “ Alternative Bank Accounts” depicted that it has a statistically significant impact on responsiveness $F(1,111) = 5.501, p = .021$ and assurance dimension $F(1, 111)=5.501, p=0.21$. These results suggest that the participants’ experience with other banks have influenced their perception of the responsiveness and assurance service quality dimensions of the branches of Awash bank (See Annex 3).

The finding of the study found to be consistent with Tran Van,*et.al.*,(2015) study done in Vietnam Banking Industry and the finding indicated that service experience and age showed no differences in the level of satisfaction between respondents furthermore, the result suggest that female customers are more likely to be careful and require better services than their male counterparts.

4.2 Service Quality and customer satisfaction measures

This section presents the results of the data collected using the questionnaire presented to the respondents. Before going in to the analysis of the five dimensions, the reliability analysis of the overall questionnaire is presented. The overall reliability test resulted a Cronbach’s alpha of 0.924 which is well over the acceptable range of 0.65 – 0.8 (Goforth, 2015). The service quality dimensions measured covered:

- Tangibility —physical facilities, equipment, staff appearance, etc...
- Reliability—ability to perform service independently and accurately
- Responsiveness—willingness to help and respond to customers’ need
- Assurance—ability of staff to inspire confidence and trust in customers
- Empathy—the extent to which caring individual service is given

Further test of reliability within each item of the five SERVQUAL items and customer satisfaction indicated an interesting finding. The reliability scale for the four dimensions, Responsiveness, Reliability, Assurance and Empathy were found to be 0.734, 0.767, 0.737 and 0.743 respectively. However, for the “Tangibility” dimension, reliability was 0.64 for which the ‘if item deleted’ test shows the exclusion of the fourth item improved the reliability to 0.735. Similarly, for the items measuring customer satisfaction suggested the exclusion of

the fifth item improving the reliability from 0.536 to 0.824. Hence those items were dropped. Although the primary objective of the study will be addressed through the regression analysis later, the general picture of the ratings for the five service quality dimensions is presented below.

4.2.1 Tangibility dimension of service quality

The tangibility dimension of the service quality consisted of three items related to the availability of modern looking equipment, appealing physical facilities and neat appearing reception desk employees. As can be seen from the chart below, respondents rated 44% and 20% in modern equipment, 45% and 19% in appealing physical facilities and 47% and 26% in neat appearing reception desk respectively as agree and strongly agree. This indicates that a relative majority of respondents are happy with the tangibility of the service quality in the sample branches. It should however be kept in mind, a neutral as well as a rating of disagreements rating suggest lots of improvement.

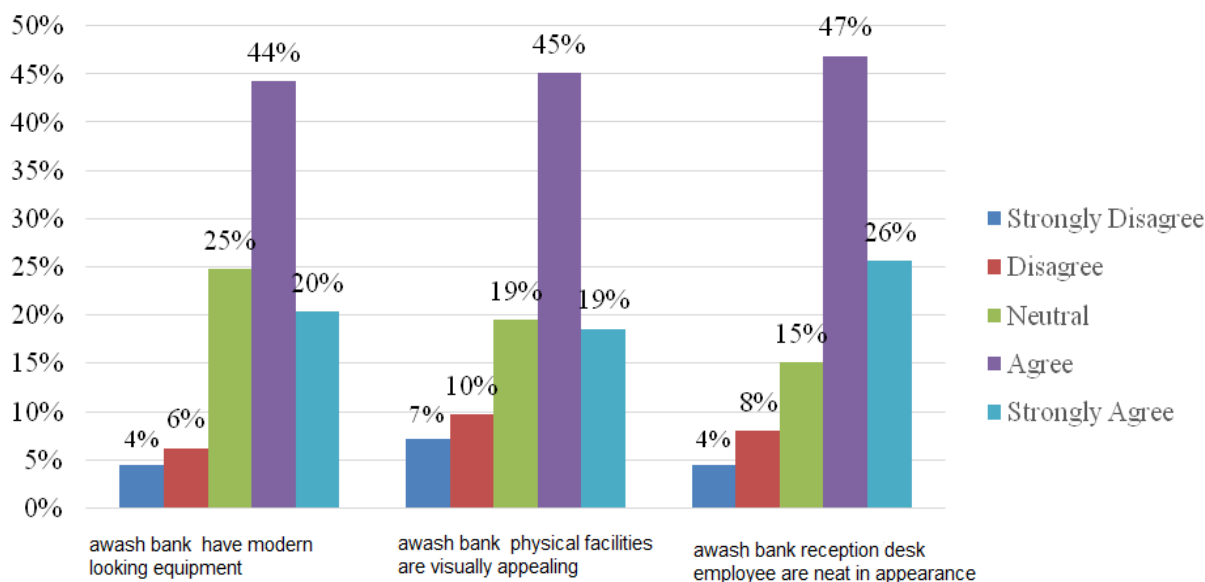


Figure 3 Tangibility dimension of service

Source: Own survey (2018)

The tangibility dimension of the service quality can be summarized as follows: Tangibility refers to the physical facilities, equipment, and staff appearance of the bank. A mean score of 3.69 falls short of the “agree” rating and better than “neutral” rating. This suggests that the respondents are not totally uninterested to Awash bank’s facilities and physical appearance of staff and

equipment. This suggests and recommends that the bank needs more work to improve its facilities. Tangibility being the physical component of the banking service which can simply be perceived by customers, Awash bank should have performed better in this dimension.

4.2.2 Responsiveness dimension of the service quality

The responsiveness dimension attempted to measure the willingness to help customers and the promptness of the employees to provide the service. Using the following three questions ‘Employees in Awash bank tell you exactly when the service will be performed’, ‘Employees in Awash bank are helpful to customers’ and ‘Employees in Awash bank are never too busy to respond customers’ questions, the responsiveness of Awash bank’s employees shows a relatively positive picture.

For example, 50% of respondents agreed that Awash bank’s employees communicate exact time of service performance followed by a 25 % strong agreement. Its only 2% that strongly disagree to this fact. Similarly, 47% and 25% ‘Agree’ and ‘Strongly Agree’ to the helpfulness of the employees of the bank. In relative comparison to the two, the question that employees are never too busy to respond’ received a lesser rating of only 35% ‘Agree’ and 21% ‘Strongly Agree’ responses.

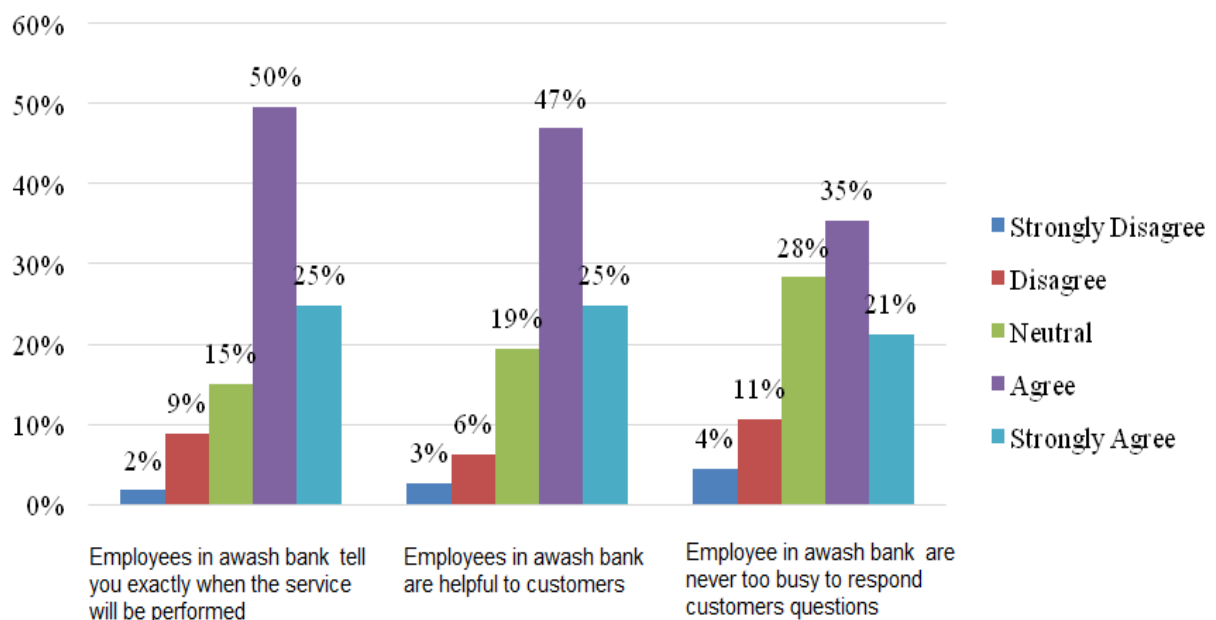


Figure 4 Responsiveness dimension of service quality

Source: Own survey (2018)

This shows participants are relatively clear when it comes to ‘when’ a service will be performed. On the contrary, employees’ responsiveness to customers’ questions have resulted in 28% neutral (neither agree nor disagree), 11% “Disagree” and 4% strongly “Disagree”. Responsiveness can be summarized as a mean score between 3.767 The result shows that Awash bank performs relatively better in this dimension than the previous. However, it demonstrates that the bank staff need to provide prompt service to customers and are too busy to respond to customers request especially at peak hours.

4.2.3 Reliability dimension of the service quality

Honoring commitments, sympathy and reassurance to solve customer problem, appropriate service time, service introduction and error-free records were the items included in the reliability dimension. All the five dimensions received an ‘agree’ rating of value above 35%. At the same time, however, with the exception of service timing, the ‘neutral’ rating given to all the items were relatively higher (23.9%, 26.5%, 26.5% and 30.1%). This could possibly be suggesting that a significant size of the respondents have an uninterested and impassive opinion on the reliability dimension of the bank’s service.

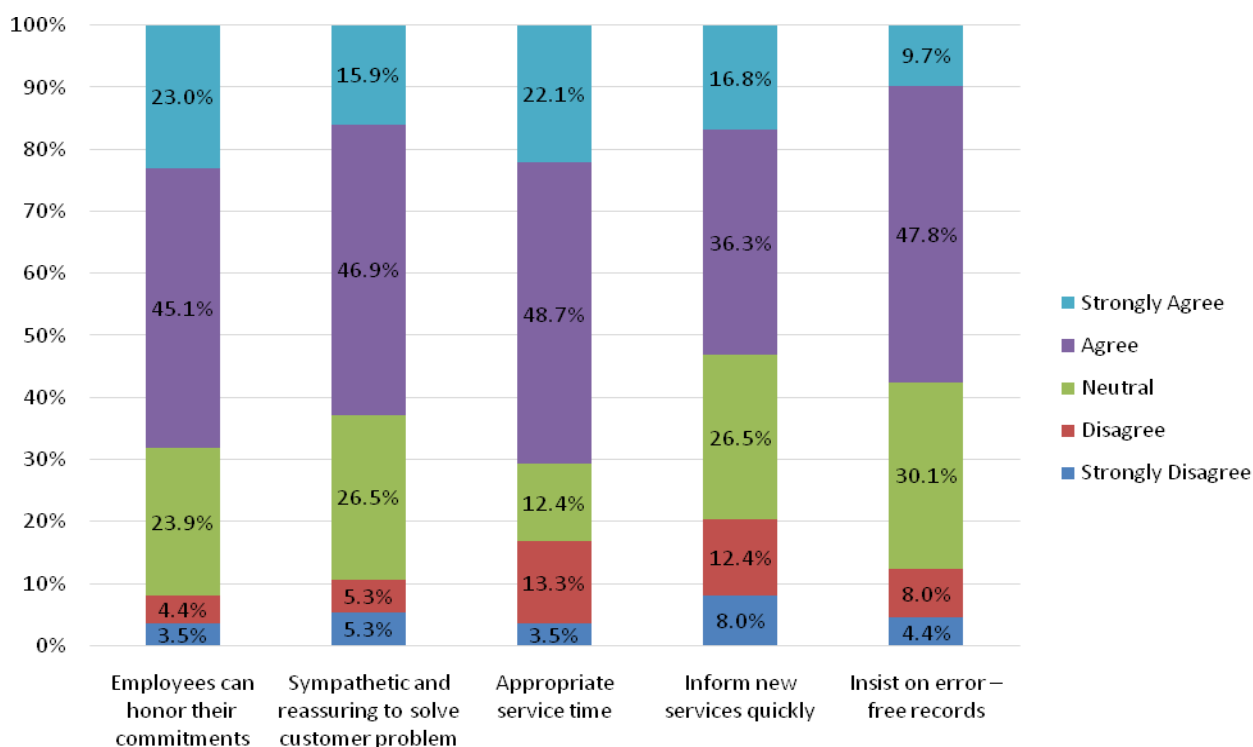


Figure 5 Reliability dimension of service quality

Source: Own survey (2017)

4.2.4 Assurance dimension of service quality

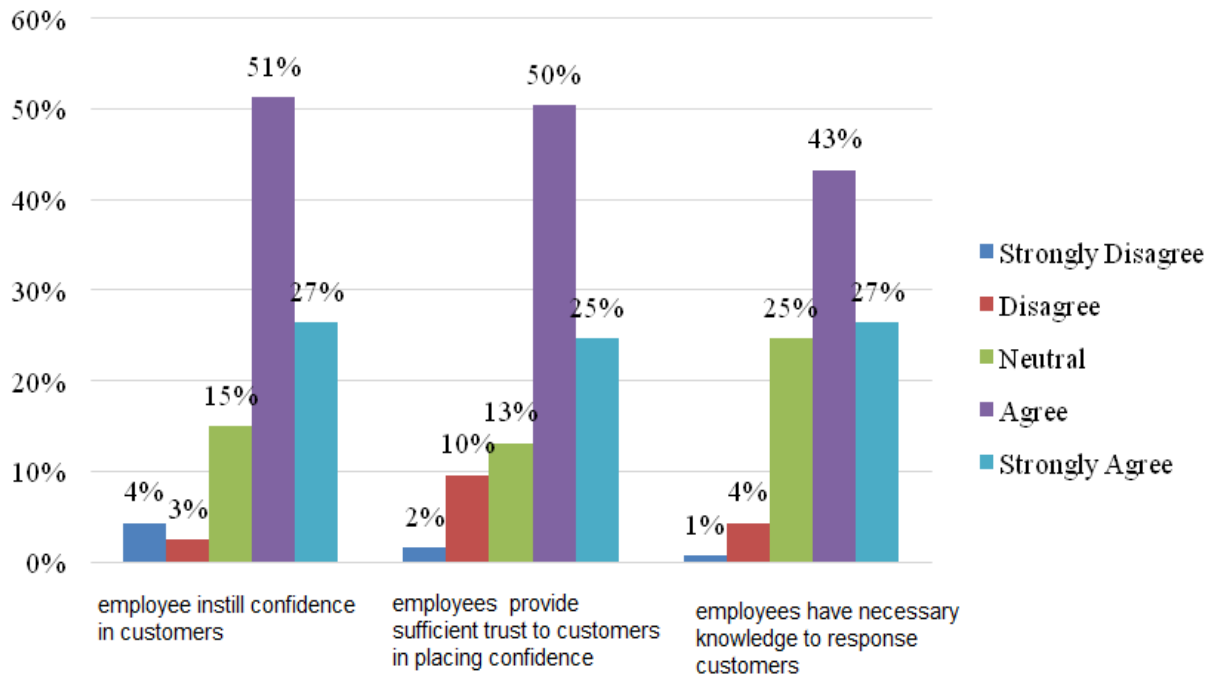


Figure 6 Assurance dimension of service quality

Source: Own survey (2018)

Like the other dimensions, participants rating of the Assurance dimension was also relatively positive. Across the three items included “Instil confidence”, “ Customers feel secure” and “knowledge to respond to customers” show positive ratings as 51% and 27%, 50% and 25% as well as 43% and 27% respectively for ‘agree’ and ‘strongly agree’.

4.2.5 Empathy dimension of the service quality

The empathy dimension tried to measure the care in the service with items like “Individual attention to customers”, “Suitability of the working hour for all “, “personal attention”, “Customer interest First’ and ‘Addressing customer specific needs’.

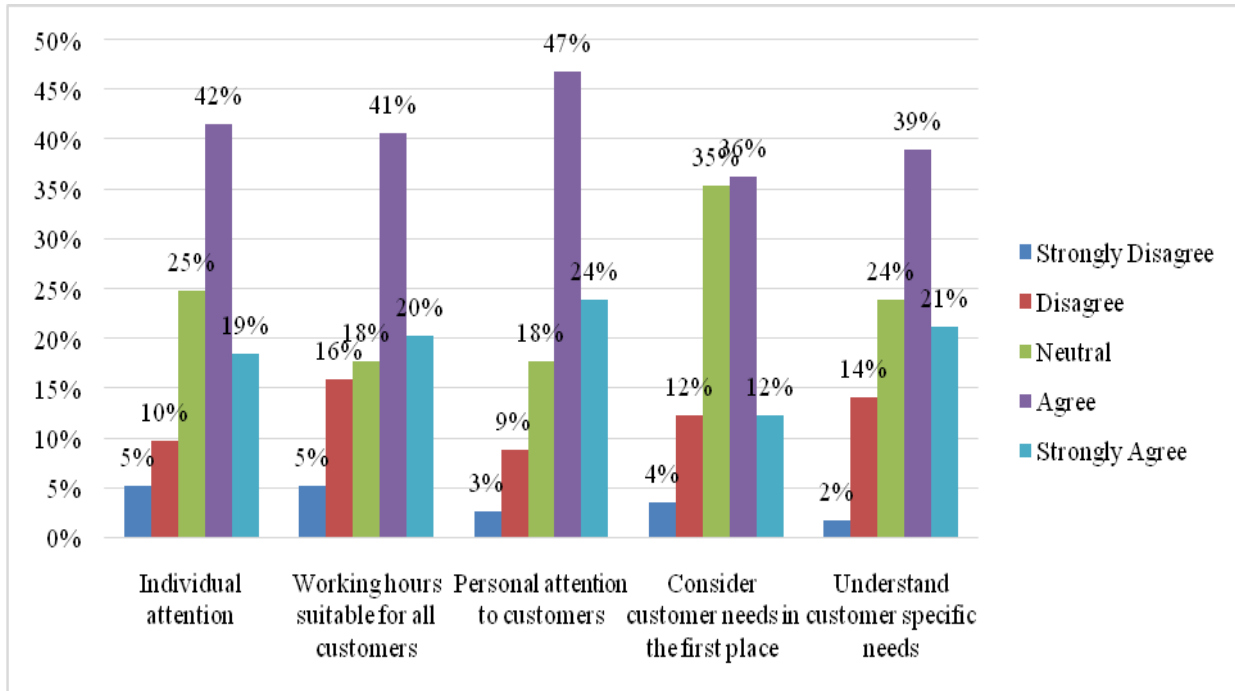


Figure 7 Empathy dimension of service quality

Source: Own survey (2018)

The five items in this dimension received a similar positive rating. The fourth item ‘employees consider customers’ needs in the first place’ however has received a different rating. 35% of participants rated this item neutral (neither agree nor disagree) followed by another 12% that disagree and 4 % strongly disagree. This shows that in terms of considering customer needs first, the sampled branches of Awash bank have a serious shortcoming. The mean empathy score is (3.598)

4.2.6 Customer satisfaction

Customer satisfaction requires meeting customer expectations. Although participants’ opinions of the service quality can also show customers satisfaction, four separate questions were given to the participants to measure their overall satisfaction. Participants rated items like ‘service level of Awash bank is close to my expectation’, ‘service condition of this bank are excellent’, ‘I am satisfied with the service of Awash bank ’ and ‘got the important services I wanted’. A close comparison of the frequency chart with the mean values is presented below.

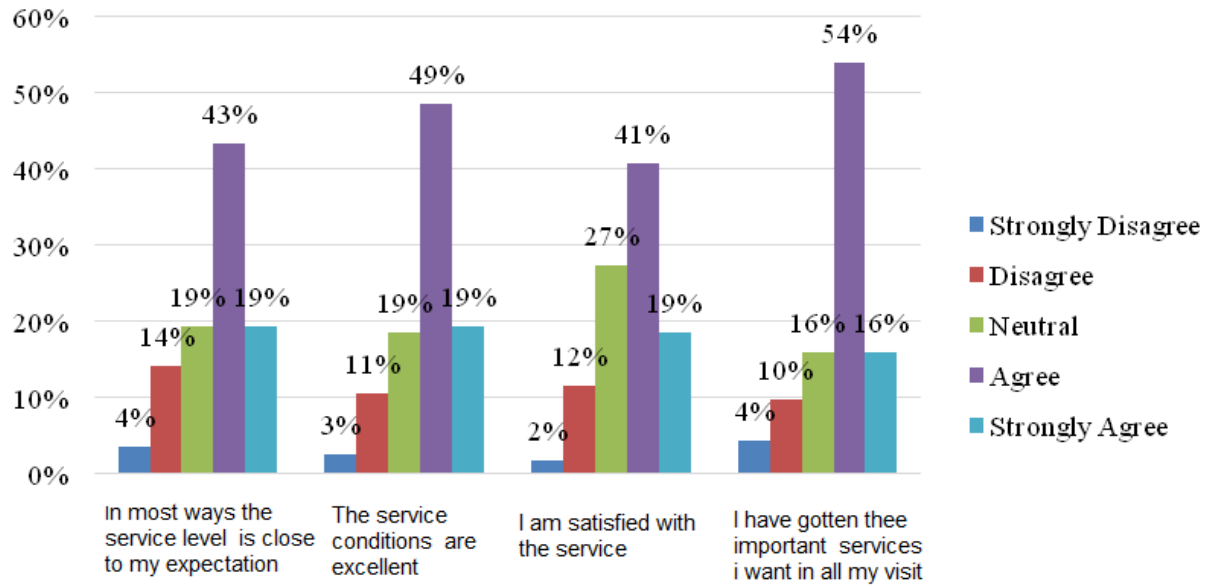


Figure 8 Customer satisfaction measures

Source: Own survey (2018)

All the four items received an ‘agree’ rating of more than 40%. This compared to the mean value of roughly about 3.65 with an SD of 1 clearly suggests the majority of customers are satisfied but not well satisfied. On the other hand, the ‘disagree’ and ‘strongly disagree’ ratings range from 14% to 2% in all four items. The interpretation of this ratings however should take a careful consideration that it is ‘satisfaction’ that is being measured, which implies even though the percentages look small, there is a significant room to improve customer satisfaction.

Dimintions	Dimintions Mean Score	Std. Deviation
Tangibility	3.699	0.86
Responsiveness	3.767	0.80
Reliability	3.614	0.74
Assurance	3.767	0.80
Empathy	3.598	0.71
Customer satisfaction	3.657	

Table 2 grand Summary of dimintions mean score

Source: Own survey (2018)

The study findings were consistent with Chanda,*et.al.*(2017) study done Customer Satisfaction in Zambian Banks and the findings test on all the five dimensions of quality shows that there is a significant difference on four of the dimensions namely tangibility,

reliability, responsiveness and assurance. Tangibility dimension shows that clients appreciate the overall outlook of foreign banks which are visually more appealing than for local banks. On assurance customers are impressed with the knowledge and courtesy of the foreign bank's employees and their ability to convey trust and confidence when transacting, while responsiveness shows that foreign banks were more willing to provide prompt service than local banks and finally on reliability, customers of foreign banks are happier with the banks' ability to perform the promised service dependably than local banks. A test on empathy does not show any statistical difference between the two types of banks.

4.3 Impact of Service Quality on Customer Satisfaction

4.3.1 Test for Performance of the Regression Model

Test of regression assumptions was done for the model. Here four of the main model assumptions are presented:

Linear Relationship between the outcome variable and the independent variables. Multiple regression assumes that the relationship between dependent and independent variables is a linear relationship. A plot of the standardized residuals versus the predicted Y' values below showed that this show whether there is a linear or curvilinear relationship.

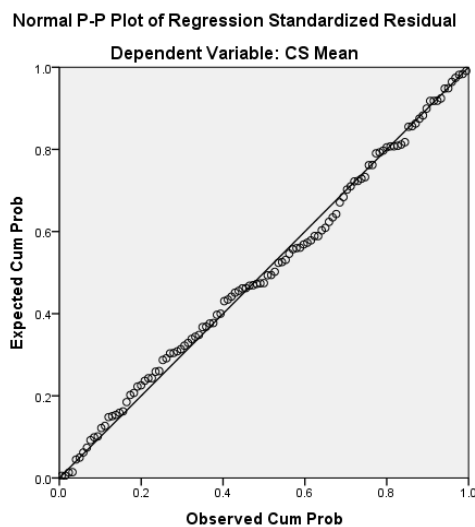


Figure 9 Normal P-P plot of regression standard residual

Multivariate Normality assumes that variables are normally distributed. Figure 4.9 is a histogram of the residuals with a normal curve. The residuals look close to normal. This indicates no problems with the assumption that the variables are normally distributed.

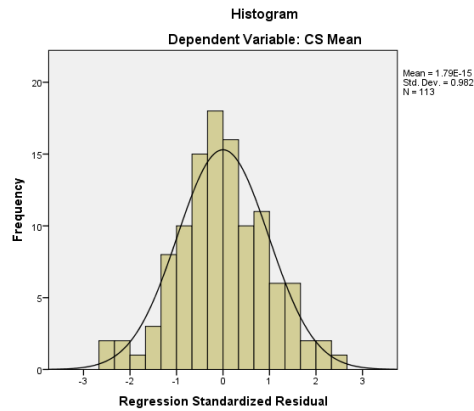


Figure 10 Histogram for residual normality

No Multi-collinearity assumes that the independent variables are not highly correlated with each other. Looking at table 4.10, one can observe that none of the VIF values are more than 10. Hence, we can conclude that multi-collinearity is not violated.

Model	Collinearity Statistics	
	Tolerance	VIF
Tangibility Mean	0.696	1.436
Reliability Mean	0.354	2.826
Assurance Mean	0.403	2.480
Empathy Mean	0.337	2.969

Table 3 Collinearity statistics

Homoscedasticity which assumes that the variance of error terms are similar across the independent variables was also checked. Like the linear relationship assumption, a plot of the standardized residuals verses the predicted Y' values can be used to see if points are equally distributed across all values of the independent variables or not. The residual plot below

shows that residual values are scattered between +2 and -2 hence homoscedasticity was also fulfilled.

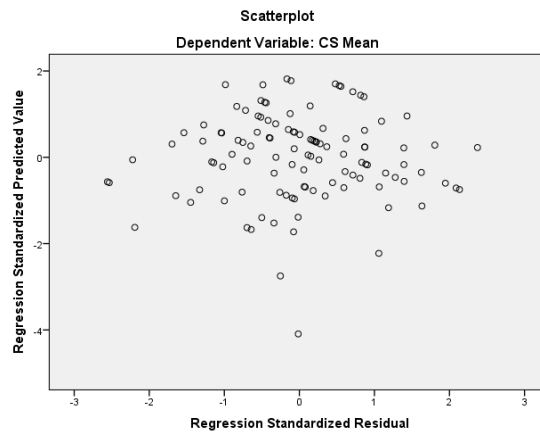


Figure 11 Scatter plot

The previous sections have indicated the general picture of participants’ ratings of the service quality dimensions and customer satisfaction items. Here the primary objective of measuring customer satisfaction using the service quality dimensions is presented.

Based on the research framework developed, the regression model will try to explain the variance on customer satisfaction (dependent variable) with the five service quality dimensions (independent variables). Before developing the model, correlation between the variables was checked. The test of correlation has confirmed a statistically significance correlation between the dependent variable (customer satisfaction) and the independent variables tangibility, reliability, responsiveness, assurance and empathy (.555** .667** .692** .692** .719**).

Multiple regression is used to predict the value of a variable based on the value of two or more other variables. Multiple regression also enables the determination of the overall fit (variance explained) of the model and the relative contribution of each of the predictors to the total variance explained. To this end, multiple regression was used to develop a model for measuring customer satisfaction based on the level of service quality dimensions.

Dependent variable

Independent Variable	Customer satisfaction		
	Unstandardized	Standardized	t
(Constant)	-0.025		-.089
Tangibility	0.218**	0.229**	3.273
Reliability	0.131	0.119	1.207
Assurance	0.224*	0.221*	2.405
Empathy	0.432**	0.377**	3.745
R square	0.631		
Adjusted R square	0.617		
Notes	n = 113		
	**significance at p < 0.01		
	*significance at p < 0.05		

Table 4 Regression Coefficients

Source: Own survey (2018)

In regression model the relationship between the dependent variable and the independent variables is expressed as a linear combination of the independent variables plus an error term. Following Greene (2003), the multiple linear regression models is specified as:

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \beta_6X_6 + \beta_7X_7 + \epsilon$$

$$Y = \beta + \beta_1X_1$$

Where: Y= Customer Satisfaction in Awash bank

β_0 = Constant term

As can be seen from the table above, the regression model showed that the dimensions of the service quality were able to explain the variance explained in the customer satisfaction at the selected branches of AWASH BANK ($F(4, 108) = 46.147$, $p < .01$, $R^2 = 0.631$, $R^2_{Adjusted} = 0.617$). Particularly, when customer satisfaction was predicted it was found that tangibility (Beta= 0.229, $p < .01$), assurance (Beta = 0.221, $p < .05$) and empathy (Beta = 0.377, $p < .01$) were significant predictors. The analysis however showed that reliability dimension did not have a statistically significant contribution. The fifth variable responsiveness was excluded from the model due to multi-collinearity problem.

Test of multicollinearity was done using variance inflation factor (VIF). As a rule of thumb suggests, there is a serious multicollinearity problem if the VIF of a variable exceeds 10. However, in the model generated VIF values for the four variables were much less than ten. One of the independent variables, responsiveness dimension however was excluded from the model. Hence, based on the result of multiple regressions analysis, one can conclude that customer satisfaction at the selected branches of Awash bank is influenced by the level of service quality perceived by its customers.

The outcome of the regression equation showed that 61.7% of the variation in customer satisfaction was explained by service quality dimensions. Further, the service quality dimension empathy (Beta = 0.377, $p < .01$) impacted satisfaction more than the others. Tangibility (Beta= 0.229, $p < .01$) was the second followed by assurance (Beta = 0.0.221, $p < .05$). This finding is in partial agreement with various studies done in the area. For example, Ilyas et al. (2013) have showed “Empathy” the highest ranked attribute. On the other hand, Cirpin and Sarica (2014) place responsiveness at the top while Gebre (2010) in Ethiopia have found “Tangibility” and “Responsiveness” to be the strongest. Gebre (2010) further indicated “Reliability” dimension as the least consistent which is consistent with this research finding. Bersis (2015) is also in agreement with this research that “Tangibility” was the least satisfied attribute suggesting a higher impact on customer satisfaction.

Similarly, Parag,*et.al.* (2010) study result reveals that however all the five aspects are accepted and implies the positive and significant impact of each variable on the customer satisfaction in Indian Banks ,Among all the variables, customer satisfaction depends most on Assurance and least on reliability dimension.

On another study done by Basel J. & Wan Ahmad (2016) to investigate the relationship between of E- banking service quality on customer satisfaction in the Jordanian Banking sector Important to note about the study findings is the fact that Efficiency of online service quality has the strongest influence on customer satisfaction and followed by Responsiveness of online service quality on customer satisfaction. The paradox is on Reliability of online service quality was found to be negatively related to customer satisfaction.

Furthermore the study by Victor Lusala,et.al.,(2016) Customer Satisfaction of Commercial Bank Customers, Nairobi Kenya. The findings indicated that the highest significant association existed between assurance and customer satisfaction ,The second was between tangibility and customer satisfaction and the third correlation, which was moderate and significant, was between empathy and customer satisfaction .The fourth was between responsiveness and customer satisfaction while the least was between reliability and customer satisfaction

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary of Findings

The objective of this research work was to study the level of service quality and measure its impact on the satisfaction of customers at the four branches of Awash bank. Based on the data collected and based on the instrument developed from the SERVQUAL tool, analysis was made. The summary of the findings is presented below.

Participants of this thesis were fairly distributed across gender with a 45% female and 55% male participants while education level showed more than 50% had a diploma level education followed by 21% first degree level education. The age distribution showed that the majority (73%) of participants were in the ages between 18 and 35. Regarding their banking tenure, majority (49.6%) banked with the Awash bank branch between one to five years. A significant size of participants (77%) also indicated that they have an alternative account.

The test of ANOVA showed that none of the demographic variables except 'alternative bank account' had a statistically significant influence in the variables of interest, service quality dimensions and customer satisfaction.

The tangibility mean score was 3.699 with an SD of 0.86. The various ratings regarding individual items like availability of modern equipment, visually appealing physical facilities and neat reception desk employees have received a fairly positive rating. As can be seen from

the chart, respondents rated 44% and 20% in modern equipment, 45% and 19% in appealing physical facilities and 47% and 26% in neat reception desk respectively as agree and strongly agree.

Responsiveness received a mean score of 3.767 with SD of 0.80. 'Communication of exact time service will be performed' and 'helpfulness of employees' received 50% and 25% as well as 47% and 25% agreement and strong agreement. 'Employees are never too busy to respond' however received a lesser rating of only 35% 'agree' and 21% 'strongly agree' responses.

Reliability dimension had mean score of 3.614 with SD of 0.74. Although the ratings are relatively positive, the 'neither agree nor disagree' rating across the four sub items (23.9%, 26.5%, 26.5% and 30.1%) rise questions.

Similar to the others, assurance also received a mean Score 3.767 with 0.80. Across the three items included 'instil confidence', 'customers feel secure' and 'knowledge to respond to customers' show positive ratings as 51% and 27%, 50% and 25% as well as 43% and 27% for 'agree' and 'strongly agree'.

Empathy mean score was 3.598 with SD of 0.71. Most subitems received positive ratings however 'employees consider customers' needs in the first place' however has received a different rating. 35% of participants rated this item neutral (neither agree nor disagree) followed by another 16% that disagree or strongly disagree.

Regarding the customer satisfaction, all the four items, 'service is close to my expectation', 'service condition is excellent', 'I am satisfied with the service' and 'I have gotten the important services in my visit' received a similar mean rating of around 3.65 with SD of roughly 1.

The regression equation showed that 61.7% of the variation in customer satisfaction was explained by service quality dimensions. Further, the service quality dimension empathy (Beta = 0.377, $p < .01$) impacted satisfaction more than the others. Tangibility (Beta= 0.229, $p < .01$) was the second followed by assurance (Beta = 0.0.221, $p < .05$). Reliability was not found

to have a statistically significant contribution ($\text{Beta} = 0.131$, $p < .119$). Responsiveness however was dropped from the model due to multicollinearity.

5.2 Conclusions

The research aimed at identifying service quality dimension and measure service quality using those dimensions. As the findings indicate the five service quality dimensions measured using SERVQUAL: Tangibility = 3.699, Responsiveness 3.767, Reliability 3.614, Assurance 3.767 and Empathy 3.598. This finding suggest that the results of the service quality measurement are not concerning however a careful consideration needs to be made before concluding as such.

Carefully looking at the ‘neither agree nor disagree’ ratings that range in 15-19% in ‘availability of modern equipment’, a 28% ‘neither agree nor disagree’ for ‘employees are too busy to respond’, ‘neither agree nor disagree’ rating (23.9%, 26.5%, 26.5% and 30.1%) across the four sub items of reliability dimension and an overall lower mean score for empathy dimension suggest the customers perception of service quality at the sampled branches of Awash bank is quite average.

Customer satisfaction also indicates a similar concern. A mean score of 3.65 with an SD of 1 could show an above average customer satisfaction. However, considering the level of competition the banks are facing, an average level of customer satisfaction should not be acceptable. Looking at the commutative percentages of each customer satisfaction item, 37% from ‘service level is close to my expectation’, 33% from ‘service condition is excellent, 41% from ‘I am satisfied with the service’ as well as 30% from ‘I received all the important services in my visit’ have indicated either a neutral, disagree or strongly disagree’ ratings. This from a customer satisfaction perspective is a very poor level.

The result of the regression equation shows that 61.7% of the variation in customer satisfaction was explained by service quality dimensions. Empathy carried a higher influence with ($\text{Beta} = 0.377$) followed by Tangibility ($\text{Beta} = 0.229$) and Assurance ($\text{Beta} = 0.0221$). According to this model the level of customers’ satisfaction could be improved through improving the service quality of the bank. The regression model indicated that the empathy

dimension of service quality carries a bigger weight in customer satisfaction. This coupled with the fact that empathy received the lower mean score compared to the rest, lots of improvements are required in the empathy dimension.

Considering the findings, one can conclude customer satisfaction at the selected Awash bank branches is not excellent. Considering the fierce competition in the financial industry and the competing banking service providers in the industry, an uninterested level of customer satisfaction could be a potential danger to Awash Bank.

5.3 Recommendation

5.3.1 Managerial Implications

The findings indicated that service quality measures show the ratings of service quality as well as that of customer satisfaction were in a range of 3.65. Although the number by itself looks acceptable, a closer look at the sub-items used to measure service quality and customer satisfaction however indicate that participants reflected a significant amount of unfavorable opinion. Receiving this much of unfavorable opinion, in this fiercely competitive industry, should not be an acceptable result to the bank.

Despite the ratings, the regression equation showed that customer satisfaction can be greatly influenced by service quality with Empathy and Tangibility ranking higher. This result suggests that Awash bank should take the advantage of the suggestions below to improve its customer satisfaction through service quality.

First of all, Awash bank must provide trainings to its employees on the concept of customer service that targets at enabling its customer service officers to provide customer-centric attention and more specifically to the individual customer's needs. Second, standardizing and improving physical facilities at its branches should help Awash Bank create a long-lasting and appealing impression on its customers. This geared with the fast growing number of Awash bank branches should bring results soon. Last but not the least, Awash bank should continuously measure the level of service quality and customer satisfaction using tools like the SRVEQUAL, SERVPERF or other similar service quality gauging tools.

5.3.2 Limitation and Further Research

Several issues associated with the limited time frame and cost in this research has limited the outcome. For example, the outcome of the regression model have indicated multi-collinearity for the responsiveness dimension of service quality and hence removed from the model. Furthermore, the reliability dimension also was not statistically significant. Hence expanding the research to include more branches of Awash bank in Addis Ababa, as well as other more branches out of Addis Ababa should be done to generalize the impact of service quality on customer satisfaction in the banking sector in Ethiopia. Exploring different perspectives of measuring service quality and customer satisfaction like a comparative analysis between different banks, measuring the service quality and customer satisfaction for the newly introduced products and technological innovations like ATM, mobile banking and internet banking should be considered.

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Annex I: Questionnaire



St. MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

MASTER OF BUSINESS ADMINISTRATION PROGRAM

Questionnaires to be filled by Awash bank customers

This questionnaire is prepared by a post graduate student of St. Mary's University in the field of Masters of Business Administration (MBA) for the partial fulfillment of a masters degree in MBA. The objective of the research is to determine the impact of quality of service in customer satisfaction, taking a case study in Awash Bank. The answer will be based for the student's project paper. Fill all answers dedicatedly and honestly just by taking a few munities out of your precious time. All Information you provide to this study will be kept strictly and confidential. Thank You In advance for filling this questionnaire. Thank you in advance for your cooperation for answering.

(ወደ ተሳታፊዎች የዚህ መጠይቅ አላማ በባንኩ ኢንዱስትሪ በተለይም በአዋሽ ባንክ ለደንበኞች እርካታ ዋና የሚባሉ ነገሮችን በተመለከተ መረጃ ለመሰብሰብ ሲሆን የተሰበሰበውም መረጃ በቢዝነስ አድሚኒስትሬሽን በማስተርስ ፕሮግራም የመመረቂያ ፅሁፍ ለማዘጋጀት የሚዉል ሲሆን ፤ ሚስጥራዊነቱም የተጠበቀ ነዉ። የእርሶ ትክክኛ ምላሽ የዚህን ጥናት አላማ ማሳካት ከፍተኛ ዋጋ አለዉ።)

(ስላደረጉት ትብብር በቅድሚያ አመሰግናለሁ)

I-Gender(ጾታ)

1. Male (ወንድ)
2. Female (ሴት)

II-Educational qualification (የትምህርት ደረጃ)

1. Doctorate degree (የዶክተሬት ድግሪ)
2. Master's degree(የማስተርስ ዲግሪ ድግሪ)
3. first degree (የመጀመሪያ ድግሪ)
4. Diploma(ዲፕሎማ)
5. Certificate or other (ሰርተፊኬት ወይም ሌላ)

III- Length of years as a customer of Awash Bank (የአዋሽ ባንክን መገልገል የጀመሩበት ጊዜ)

1. Less than 1year (ከአንድ አመት ያነሰ ጊዜ)
2. 1-5 year (ከአንድ እስከ አምስት አመት)
3. 6-10 (ከስድስት እስከ አስር አመት)
4. 11-15(አስራ አንድ እስከ አስራ አምስት አመት)
- 5.16-20 (ከአስራ ስድስት እስከ ሃያ አመት)

IV-Age groups (የዕድሜክ ልል)

- 1- Below 18 (ከአስራስምንት አመት በታች)
- 2-18-35 (ከአስራስምንት እስከ ሰላሳ አምስት)
- 3-36-45 (ከሰላሳ ስድስት እስከ አርባ አምስት)
- 4-46 and above (አርባ ስድስት አመት እና ከዛበላይ)

V-Do you also use Bank Services on other Banks (ከሌሎች ባንኮች አገልግሎት አግኝተዋል ያዉቃሉ?) 1-Yes (አዎ) 2-No(አላዉቅም)

If you say Yes in Question No V, in how many banks have you got aservices? (በአምስተኛዉ ጥያቄ አዎ ብለዉ ከመለሱ፣ ከስንት ባንኮች አገልግሎት አግኝተዋል)

- 1-One Bank (ከአንድባንክ)2-TwoBanks (ከሁለትባንኮች)
- 3- Three Banks and Above (ከሶስት ባንኮች እና ከዚያም በላይ)

Part II

NB- “AB ” represents AWASH BANK

1. Tangibility:-The following questions are related to the level of your satisfaction on the tangible nature of Awash Bank .

(የሚከተሉት ጥያቄዎች በአዋሽ ባንክ ላይ ያልዎትን የመገልገያ ዕቃዎች በተመለከተ እርካታችሁን የሚለኩ ናቸዉ።)

	Items	Strongly Disagree (ፈጽሞ አልስማማም)	Disagree (አልስማማም)	Neutral (አስተያየት የለኝም)	Agree (እስማማለሁ)	Strongly Agree (በጣም እስማማለሁ)
		1	2	3	4	5
1	Awash bank has modern looking equipment (የአዋሽ ባንክ ዘመናዊ መገልገያዎች አለት)					
2	Awash bank physical facilities are visually appealing (የአዋሽ ባንክ መገልገያዎች አይን የሚገቡ ናቸዉ።)					
3	Awash bank reception desk employees are neat in appearance (ፊትለፊት ያለዩ አዋሽ ባንክ ሰራተኞች ጽዱፍ ናቸዉ።)					

2- Responsiveness: The following questions are related to the level of your satisfaction on the Responsiveness of Awash Bank employees

(የሚከተሉት ጥያቄዎች ለፈለጉት አገልግሎት ፈጣንም ላሽከማግኘት አንጻር ያሉትን ዕርካታ ይለካሉ)

	Items	Strongly Disagree (ፈጽሞ አልስማማም)	Disagree (አልስማማም)	Neutral (አስተያየት የለኝም)	Agree (እስማማለሁ)	Strongly Agree (በጣም እስማማለሁ)
4	Employees in Awash bank tell you exactly when the service will be performed (የአዋሽ ባንክ ሰራተኞች የሚፈልጉትን አገልግሎት የት እንደሚያገኙ በትክክል ይናገራሉ)					

5	Employees in Awash bank are helpful to customers (የአዋሽ ባንክ ሰራተኞች ተገልጋዩን የሚረዱ ናቸው)					
6	Employees in Awash bank are never too busy to respond to customers' questions (የአዋሽ ባንክ ሰራተኞች የተገልጋዩን ጥያቄ ለመመለስ አይደከሙም)					

3- Reliability: The following questions are related to the level of your satisfaction on the Reliability of Awash bank.

(የሚከተሉት ጥያቄዎች ባንኩ ላይ ካሎት እምነት አንጻር ያሉትን እራካታ የሚለካ ይሆናል)

	Items	Strongly Disagree (ፈጽሞ አልስማማም)	Disagree (አልስማማም)	Neutral (አስተያየት የለኝም)	Agree (እስማማለሁ)	Strongly Agree (በጣም እስማማለሁ)
7	Awash bank employees can honor their commitments (የአዋሽ ባንክ ሰራተኞች ለሰራቸው ክብር ይሰጣሉ)					
8	Awash Bank employees are sympathetic and reassure to solve customer problems (የአዋሽ ባንክ ሰራተኞች የደንበኞቻቸውን ችግር ለመረዳትና ለማዳመጥ ቅርብ ናቸው)					
9	Awash bank provides its services at the time it promises to do so (አዋሽ ባንክ ቃል የገባውን አገልግሎት ቃል በገባበት ሰዓት ይሰጣል)					
10	Awash bank staffs inform customers quickly about new services (የአዋሽ ባንክ ሰራተኞች ለደንበኞቻቸው ስለአዲስ አገልግሎቶች በፍጥነት ያስታውቃሉ)					
11	Awash bank insists on error-free records. (የአዋሽ ባንክ ከስህተት የጸዳ የመረጃ አያያዝ አሉተ)					

4- Assurance: The following questions are the level of your satisfaction on the assurance of Awash Bank .

(የሚከተሉት ጥያቄዎች የባንኩ ሰራተኞች ለአገልግሎቱ ጥራት ከሚያሳዩት ማረጋገጫ አንጻር ያሉትን ዕርካታ ይለካል)

	Items	Strongly Disagree (ፈጽሞ አልስማማም)	Disagree (አልስማማም)	Neutral (አስተያየት የለኝም)	Agree (እስማማለሁ)	Strongly Agree (በጣም እስማማለሁ)
12	Employees in Awash bank instil confidence in customers (የአዋሽ ባንክ ሰራተኞች ደንበኞች እምነት እንዲኖራቸው ያደርጋሉ)					
13	Awash Bank Employees provide sufficient trust to customer in placing confidence. (የአዋሽ ባንክ ሰራተኞች ተገልጋዮች በባንኩ ላይ እምነት እንዲኖራቸው ያደርጋሉ)					
14	Employees in Awash bank have necessary knowledge to answer customers' questions. (የአዋሽ ባንክ ሰራተኞች የደንበኞችን ጥያቄ ለመመለስ በቂ እውቀት አላቸው)					

5- Empathy: the following questions are related to the level of your satisfaction on the empathy of Awash banks.

(የሚከተሉት ጥያቄዎች የባንኩ የደንበኛውን ግርግር እንደራስ ከማየት አንጻር ያሉትን እርካታ ይሆካል)

	Items	Strongly Disagree (ፈጽሞ አልስማማም)	Disagree (አልስማማም)	Neutral (አስተያየት የለኝም)	Agree (እስማማለሁ)	Strongly Agree (በጣም እስማማለሁ)
15	Awash bank gives customer individual attention የአዋሽ ባንክ እንደ ደንበኛው አይነት ልዩ					

	ትኩረት ይሰጣል)					
16	Awash bank has working hours suitable for all customers (የአዋሽ ባንክ የሰራ ሰዓት ለሁሉም ደንበኞች ምቹ ነው)					
17	Awash bank has employees who give customer personal attention (የአዋሽ ባንክ ለደንበኞች ትኩረት የሚሰጡ ሰራተኞች አሉት)					
18	Awash bank considers need of customers in the first place (አዋሽ ባንክ ለደንበኛው ፍላጎት ቅድሚያ ይሰጣል)					
19	The employees of Awash bank can understand customer's needs (የአዋሽ ባንክ ሰራተኞች የደንበኞችን ልዩ ፍላጎት መረዳት የሚችሉ ናቸው)					

6- Customer Satisfaction: The following questions are the level of your satisfaction on the Service of Awash Bank.

	Items	Strongly Disagree (ፈጽሞ አልሰማም)	Disagree (አልሰማም)	Neutral (አስተያየት የለኝም)	Agree (አሰማለሁ)	Strongly Agree (በጣም አሰማለሁ)
20	In most ways the service level of Awash bank is close to my expectations (በተለያዩ መንገዶች የአዋሽ ባንክ አገልግሎት አሰጣጥ ደረጃ ከኔግምት ጋር ይሄዳል)					
21	The service conditions of this bank are excellent (የአዋሽ ባንክ አገልግሎት አሰጣጥ ሁኔታ በጣም ጥሩ ነው)					
22	I am satisfied with the service of Awash bank (በአዋሽ ባንክ አገልግሎት አሰጣጥ አረክቻለሁ)					

23	<p>So far I have gotten the important services I want in all my visit to Awash bank</p> <p>እስካሁን ባንኩ ላይ በነበረኝ ቆይታ ጠቃሚ አገልግሎቶችን አግኝቻለሁ</p>					
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Annex II: Test of reliability

Variables and Questionnaire Items

Tangibility (Cronbach's alpha = 0.735)

- Awash bank have modern looking equipment.
- Awash bank 's physical facilities are visually appealing
- Awash bank 's reception desk employee are neat in appearance

Responsiveness (Cronbach's alpha = 0.734)

- employees in Awash bank tell you exactly when the service will be performed
- employees in Awash bank are helpful to customers
- employee in Awash bank are never too busy to respond customers' questions.

Reliability (Cronbach's alpha = 0.767)

- Awash bank employees can honor their commitments.
- when customers have problems, employees in Awash bank will be sympathetic and reassuring.
- Awash bank give its service on the appropriate time.
- Awash bank 's inform new services quickly.
- Awash bank 's insists on error – free records.

Assurance (Cronbach's alpha = 0.737)

- employee in Awash bank instil confidence in customers
- employee in Awash bank provide sufficient trust to customers placing confidence in their heart
- employees have necessary knowledge to response customers

Empathy (Cronbach's alpha = 0.743)

- Awash bank gives its customers individual attention
- Awash bank has working hours suitable for all customers
- Awash bank has employees who give customers personal attention
- Awash bank 's staff consider customer needs in the first place (customers' interest at heart)
- Awash bank employees can understand customer specific needs

Customer Satisfaction (Cronbach's alpha = 0.824)

in most ways the service level of Awash bank is close to my expectation
the service condition of this bank are excellent
i am satisfied with the service of Awash bank
so far i have gotten thee important services i want in all my visit to Awash bank

ANNEX III: ANOVA Test Results

ANOVA for Gender

		Sum of Squares	Df	Mean Square	F	Sig.
Tangibility Mean	Between Groups	1.439	1	1.439	1.983	.162
	Within Groups	80.553	111	.726		
	Total	81.992	112			
Responsivene ss Mean	Between Groups	.297	1	.297	.458	.500
	Within Groups	72.121	111	.650		
	Total	72.419	112			
Reliability Mean	Between Groups	.594	1	.594	1.098	.297
	Within Groups	60.103	111	.541		
	Total	60.697	112			
Assurance Mean	Between Groups	.297	1	.297	.458	.500
	Within Groups	72.121	111	.650		
	Total	72.419	112			
Empathy Mean	Between Groups	.079	1	.079	.155	.694
	Within Groups	56.680	111	.511		
	Total	56.760	112			
CS Mean	Between Groups	.079	1	.079	.118	.732
	Within Groups	74.320	111	.670		
	Total	74.399	112			

ANOVA for level of education

		Sum of Squares	Df	Mean Square	F	Sig.
Tangibility Mean	Between Groups	2.278	4	.569	.772	.546
	Within Groups	79.714	108	.738		
	Total	81.992	112			
Responsivene ss Mean	Between Groups	1.071	4	.268	.405	.804
	Within Groups	71.348	108	.661		
	Total	72.419	112			
Reliability Mean	Between Groups	.383	4	.096	.171	.953
	Within Groups	60.314	108	.558		
	Total	60.697	112			
Assurance	Between Groups	1.071	4	.268	.405	.804

Mean	Within Groups	71.348	108	.661		
	Total	72.419	112			
Empathy	Between Groups	.200	4	.050	.096	.984
Mean	Within Groups	56.559	108	.524		
	Total	56.760	112			
CS Mean	Between Groups	2.837	4	.709	1.070	.375
	Within Groups	71.563	108	.663		
	Total	74.399	112			

ANOVA test for Year of Stay

		Sum of Squares	Df	Mean Square	F	Sig.
Tangibility Mean	Between Groups	1.496	4	.374	.502	.735
	Within Groups	80.496	108	.745		
	Total	81.992	112			
Responsiveness Mean	Between Groups	1.039	4	.260	.393	.813
	Within Groups	71.380	108	.661		
	Total	72.419	112			
Reliability Mean	Between Groups	1.183	4	.296	.537	.709
	Within Groups	59.515	108	.551		
	Total	60.697	112			
Assurance Mean	Between Groups	1.039	4	.260	.393	.813
	Within Groups	71.380	108	.661		
	Total	72.419	112			
Empathy Mean	Between Groups	2.101	4	.525	1.038	.391
	Within Groups	54.659	108	.506		
	Total	56.760	112			
CS Mean	Between Groups	2.239	4	.560	.838	.504
	Within Groups	72.160	108	.668		
	Total	74.399	112			

ANOVA for age of respondents

		Sum of Squares	Df	Mean Square	F	Sig.
Tangibility Mean	Between Groups	.825	3	.275	.369	.775
	Within Groups	81.167	109	.745		

	Total	81.992	112			
Responsiveness Mean	Between Groups	.823	3	.274	.418	.741
	Within Groups	71.596	109	.657		
	Total	72.419	112			
Reliability Mean	Between Groups	.524	3	.175	.316	.813
	Within Groups	60.173	109	.552		
	Total	60.697	112			
Assurance Mean	Between Groups	.823	3	.274	.418	.741
	Within Groups	71.596	109	.657		
	Total	72.419	112			
Empathy Mean	Between Groups	.069	3	.023	.044	.988
	Within Groups	56.691	109	.520		
	Total	56.760	112			
CS Mean	Between Groups	1.517	3	.506	.756	.521
	Within Groups	72.883	109	.669		
	Total	74.399	112			

ANOVA for other bank accounts

		Sum of Squares	df	Mean Square	F	Sig.
Tangibility Mean	Between Groups	1.211	1	1.211	1.664	.200
	Within Groups	80.781	111	.728		
	Total	81.992	112			
Responsiveness Mean	Between Groups	3.419	1	3.419	5.501	.021
	Within Groups	68.999	111	.622		
	Total	72.419	112			
Reliability Mean	Between Groups	.683	1	.683	1.263	.264
	Within Groups	60.015	111	.541		
	Total	60.697	112			
Assurance Mean	Between Groups	3.419	1	3.419	5.501	.021
	Within Groups	68.999	111	.622		
	Total	72.419	112			
Empathy Mean	Between Groups	.016	1	.016	.031	.860
	Within Groups	56.744	111	.511		
	Total	56.760	112			
CS Mean	Between Groups	1.742	1	1.742	2.661	.106

Within Groups	72.658	111	.655		
Total	74.399	112			

Annex III: Reliability Analysis

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.920	.924	25

Reliability analysis for tangibility dimension

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Tangibility 1 Awash bank have modern looking equipment	11.01770	4.732	.581	.414	.483
Tangibility 2 Awash bank physical facilities are visually appealing	11.13274	4.545	.526	.384	.517
Tangibility 3 Awash bank reception desk employee are neat in appearance	10.90265	4.946	.482	.242	.553
Tangibility 4 Awash bank credit cards, check and similar materials are visually appealing	11.09735	6.589	.177	.040	.735

Reliability analysis for responsiveness dimension

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
RES 1 Employees in Awash bank tell you exactly when the service will be performed	7.4336	3.212	.501	.251	.711

RES 2 Employees in Awash bank are helpful to customers	7.4513	2.982	.582	.348	.620
RS3 Employee in Awash bank are never too busy to respond customers questions	7.7168	2.598	.596	.364	.601

Reliability analysis for RELIABILITY dimension

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
RL1 Awash bank can honor their commitments	14.2743	9.290	.566	.353	.715
RL 2 when customers have problems, employees in Awash bank will be sympathetic and reassuring	14.4425	9.677	.467	.230	.747
RL 3 Awash bank give its service on the appropriate time	14.3451	8.996	.537	.324	.724
RL 4 Awash bank inform new services quickly	14.6549	8.049	.642	.430	.683
RL 5 Awash bank insists on error – free records	14.5664	9.873	.475	.261	.744

Reliability analysis for Assurance dimension

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Assurance 1 Employee in Awash bank insist confidence in customers	7.7699	2.393	.614	.388	.590

Assurance 2 Employee in Awash bank provide sufficient trust to customers placing confidence in heart	7.8319	2.445	.592	.369	.617
Assurance 3 Employees have necessary knowledge to response customers	7.7965	2.914	.488	.239	.735

Reliability analysis for Empathy Dimension

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Empathy 1 Awash bank gives its customers individual attention	14.4071	9.386	.328	.155	.723
Empathy 2 Awash bank has working hours suitable for all customers	14.4425	9.338	.291	.098	.714
Empathy 3 Awash bank has employees who give customers personal attention	14.1858	8.599	.532	.352	.642
Empathy 4 Awash bank Staffs consider customer needs in the first place (customers' interest at heart)	14.5752	8.104	.647	.533	.597
Empathy 5 Awash bank employees can understand customer specific needs	14.3540	8.016	.619	.490	.605

Reliability analysis of customer satisfaction items

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
CS 1 In most ways the service level of Awash bank is close to my expectation	13.7876	6.758	.451	.307	.431

CS 2 The service condition of this bank are excellent	13.6814	6.380	.609	.587	.344
CS 3 I am satisfied with the service of Awash bank	13.7699	6.393	.617	.673	.341
CS 4 So far I have gotten thee important services i want in all my visit to Awash bank	13.7257	6.701	.515	.450	.398
CS 5 In most ways the service level of Awash bank is less than my expectation	14.6283	10.628	-.226	.076	.824

Annex IV: Regression Model

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.794 ^a	.631	.617	.50426	.631	46.147	4	108	.000

a. Predictors: (Constant), Empathy Mean, Tangibility Mean, Assurance Mean, Reliability Mean

b. Dependent Variable: CS Mean

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	46.937	4	11.734	46.147	.000 ^b
	Residual	27.462	108	.254		
	Total	74.399	112			

a. Dependent Variable: CS Mean

b. Predictors: (Constant), Empathy Mean, Tangibility Mean, Assurance Mean, Reliability Mean

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
	B	Std. Error				Lower Bound	Upper Bound	Tolerance	VIF
	Beta								
1	(Constant)	-.025	.277	-.089	.929	-.574	.525		
	Tangibility Mean	.218	.067	.229	3.273	.001	.086	.351	.696
	Reliability Mean	.131	.109	.119	1.207	.230	-.084	.347	.354
	Assurance Mean	.224	.093	.221	2.405	.018	.039	.409	.403
	Empathy Mean	.432	.115	.377	3.745	.000	.203	.660	.337

a. Dependent Variable: CS Mean

Excluded Variables^a

Model	Beta In	t	Sig.	Partial Correlation	Collinearity Statistics		
					Tolerance	VIF	Minimum Tolerance
1 Responsiveness Mean	. ^b000	.	.000

a. Dependent Variable: CS Mean

b. Predictors in the Model: (Constant), Empathy Mean, Tangibility Mean, Assurance Mean, Reliability Mean

Tangibility Mean Score

	Mean	Standard Deviation
Modern equipment	3.66	
Visual appealing physical facilities	3.59	
Neat reception desk employees	3.82	
Tangibility Mean Score	3.699	0.86

Responsiveness Mean Score

	Mean	Std. Deviation
Employees tell you when exactly service will be done	3.86	
Employees are helpful to customers	3.84	
Employees are never to busy	3.58	
Responsiveness Mean Score	3.767	0.80

Reliability Mean Score

	Mean	Std. Deviation
Employees honor their commitments	3.79	
	3.62	
Appropriate service time	3.72	
Inform new services quickly	3.42	
Insist on error – free records	3.51	

Reliability Mean Score	3.614	0.74
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Assurance Mean Score

	Mean	Std. Deviation
Instil confidence	3.69	
Customers feel secure	3.83	
Knowledge to respond to customers	3.79	
Assurance Mean Score	3.767	0.80

Empathy Mean Score

	Mean	Std. Deviation
Individual attention	3.55	
Suitable working hours	3.58	
Personal attention	3.81	
Customer needs in the first place	3.42	
Understand customer specific needs	3.64	
Empathy Mean Score	3.598	0.71

Customer Satisfaction

Customer satisfaction items	Mean	Std. Deviation
In most ways the service level of Awash bank is close to my expectation	3.6106	1.06430
The service condition of the bank is excellent	3.7168	.98624
I am satisfied with the service of Awash bank	3.6283	.97463
So far I have gotten the important services I want in all my visit to Awash bank	3.6726	1.00394
Customer satisfaction mean score	3.657	

Correlation between customer satisfaction and service quality

	Tangibility	Reliability	Responsiveness	Assurance	Empathy
Customer Satisfaction Mean Score	.555**	.667**	.692**	.692**	.719**

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

Source: Own survey (2018)