ST. MARY'S UNIVERSITY

SCHOOL OF GRADUATE PROGRAM

DEPARTMENT OF MARKETING MANAGEMENT

AN ASSESSMENT OF SERVICE QUALITY USING GAP MODEL: THE CASE OF NIB INTERNATIONAL BANK S.C.

By

Lemma Tsegaye

To

Yibeltal Nigusse /Assistance Professor /

JUNE, 2019

SMU

ADDIS ABABA

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A THESIS SUBMITTEDTO THE DEPARTMENT OFMARKETING MANAGEMENT

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APPROVED BY THE COMMITTEE OF EXAMINERS

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INTERNAL EXAMINER   SIGNATURE

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EXTERNAL EXAMINER   SIGNATURE

Approval

This is to approve that, Lemma Tsegaye, has completed writing a master's thesis entitled "An Assessment of Service Quality Using Gap Model: The case of NIB International Bank S.C." with my advice and follow up. I also approve that his work is appropriate enough to be submitted as a partial fulfillment of the requirements for the Award of Masters Degree offered by the University.

Yibeltal Nigusse (Assistance Professor)

Declaration

I, Lemma Tsegaye, assert that this study entitled "An Assessment of Service Quality Using Gap Model: The case of NIB International Bank S.C." is my own original work that has not been presented for a Master study in any other University and that all sources of materials used for the study have been duly acknowledged.

Lemma Tsegaye

Acknowledgment

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Abstract

Service quality gap model is evaluation of expectations with performance. A business with high service quality will meet customer desires at the same time enhance its competitiveness. Advanced service quality increases overall competitiveness. One of the models in measuring service quality is service quality gaps model. The paper critically examines the bank's service quality. The study addressed final customers who visit to conduct transaction with the bank be it deposit, withdrawal, transfer, loans and advances or any other operational activities and branch managers of those branches. The study used sample size of 208 customers and sampling technique used for this purpose is Convenience sampling technique while 16 branch managers has been addressed with purposive sampling technique. To gather the necessary data from customers and branch managers, questionnaire and interview is used respectively. To achieve the objectives of the study descriptive research design is used. The study included six general dimensions to measure the bank's service quality. These dimensions include knowledge gap (gap 1), service design and standard gap (gap 2), service delivery gap (gap 3), promise gap (gap 4), customer gap (gap 5) and customer satisfaction. Computing the mean score of each dimension it is identified that customers' expectation is higher than what they have perceived. This implies that in the eyes of customers the bank lacks quality service to retain them.

Keywords: Quality, Service Quality, Gaps Model

CHAPTER ONE

INTRODUCTION

This chapter is contains the back ground of the study, background of the organization, statement of the problem, basic of research questions, objective of the study (General and Specific) , scope of the study, limitations of the study, significance of the study and organization of the study.

1.1 Background of the Study

As it is explained by Grossman (2010) banking in ancient Greece evolved out of money changing. In fact, the Greek word trapezite designated both a banker and a money changer. Pierre Des Essars (1996) said that, the business of banking and loaning money at interest has existed from the earliest forms of civilization, because it responds to an imperative need of society. It was conducted in Athens, probably in Carthage, and certainly in Rome; but, after the establishment of Christianity, it encountered serious obstacles. Rousakis (1997), said although money lending and money changing are very old activities (there are records of loans by Babylonian temples as early as 200B.B.), the early beginnings of investment and commercial banking may be traced to twelfth century Italy. The weakening of church restrictions on economic activity during the Renaissance and the growth of maritime ties of coastal Italian cities with the Levant set the stage for the rise of Italian merchant banking houses. As these coastal cities grew to be an important conduit for trade with the European interior, some of the larger merchant banks extended their activities toothier European countries and carne to dominate international finance from the twelfth through the fifteenth centuries.

In Ethiopian condition modern banking is not of long time phenomenon. The history of banking in Ethiopia goes back infarct to the region of the Empire Menilek I. The Emperor, as a second step after the institution on national monetary system wanted establish a bank in the country at that time called Abyssinia. For understandable of national pride he gave preference to an institution at least formally independent rather than to an easier solution represented by branch office of an expatriate bank. There are differing versions of the events which led up to the constitution of this. According to Pankhurst (1963), who relies primarily on British sources the first contacts were made with France but later Menelek's sympathies shifted towards Great

Britain: therefore the task of establishing national bank of Abyssinia was entrusted only to the country. (ArnaldoMauri 1970)

Banks play a significant role in mobilizing savings to fuel investments and growth. This role is particularly where there is no developed capital market that can fulfill funding needs of cooperation. Furthermore, banks ease the exchange of goods and services by providing payment

services help mobilizing funds, acquire and process information about enterprise and possible investment projects, thus allocating savings to their most productive use; monitor investments and exert corporate governance; and assist to diversify and reduce liquidity and intertemporal risk (Levine 1997) Finally banks are main conduct for transmission of monetary policy actions. To fulfill these roles, the banking system should be innovative, efficient, sound and stable. It should be underpinned by sound macroeconomic management and prudential regulation.

Given the importance of financial development for economic growth and poverty reeducation, the Government of Ethiopia has taken a number of financial liberalization & structuring measures to foster & strengthen the banking industry. With the aim of creating a conducive environment for the development of private bank & ensuring the soundness of the banking system, the government laid down legal framework for licensing & supervision of bank in1994. In subsequent periods, further financial sector liberalization measures designed to improve the functioning of the banking sector, which include lifting of a selling on lading interest rates, abolishing directed (for public banks) & liberalizing trade in foreign exchange , have been taken. (Nib International Bank, 2019)

Service quality can be defined as the difference between customer's expectations of service performance prior to the service encounter and their perceptions of the service received (Asubonteng et al., 1996). Quality service has a positive effect on the bottom-line performance of a firm and thereby on the competitive advantages that could be gained from an improvement in the quality of the service offered so that the perceived service exceeds the service level desired by customers (Caruana, 2002; Chumpitaz, 2004). Gefan (2002) defined service quality as the subjective comparison that customers make between the quality of the service that they want to receive and what they actually get. Nowadays, with increased competition, service quality has become a popular area of academic investigation and has been recognized as a key factor in

keeping the competitive advantage and sustaining satisfying relationships with customers (Zeithmal et al., 2000).

The SERVQUAL scale is the principal instrument widely used to assess service quality of a variety of services. Parasuraman et al., (1988) have conceptualized a five- dimensional model of service quality consisting of reliability, responsiveness, empathy, assurance and tangibility. Their measurement instrument is known as SERVQUAL, which has become almost the standard way of measuring service quality. Further, each item of SERVQUAL has been used twice: to measure expectations and perceptions of service quality. The central idea in this model is that service quality is a function of the difference between scores or the gap between expectations and perceptions.

Seth and Deshmukh (2005) explained different models to assess or measure service quality of a company by organizing it from different sources. The models include; Technical and functional quality model (Gronroos, 1984)A firm in order to compete successfully must have an understanding of consumer perception of the quality and the way service quality is influenced Managing perceived service quality means that the firm has to match the expected service and perceived service to each other so that consumer satisfaction is achieved. The author identified three components of service quality, namely: technical quality; functional quality; and image, GAP model (Parasuraman et al., 1985) Parasuraman et al. (1985) proposed that service quality is a function of the differences between expectation and performance along the quality dimensions. They developed a service quality model based on gap analysis, Attribute service quality model (Haywood-Farmer, 1988) this model states that a service organization has "high quality" if it meets customer preferences and expectations consistently. According to this, the separation of attributes into various groups is the first step towards the development of a service quality model. In general, services have three basic attributes: physical facilities and processes; people's behavior; and professional judgment, Synthesized model of service quality (Brogowicz et al., 1990) A service quality gap may exist even when a customer has not yet experienced the service but learned through word of mouth, advertising or through other media communications Performance only model (Cronin and Taylor, 1992)the authors investigated the conceptualization and measurement of service quality and its relationship with consumer satisfaction and purchase intentions. They compared computed difference scores with perception to conclude that

perceptions only are better predictor of service quality, ideal value model of service quality (Mattsson, 1992)in majority of the studies on service quality "expectation is treated as belief about having desired attributes as the standard for evaluation". However, this issue needs tobe examined in the light of other standards such as experience based, ideal, minimum, tolerable and desirable. The model argues for value approach to service quality, modeling it as an outcome of satisfaction process. The author organized a total of nineteen models including the aforementioned models.

In the 21st century, the service generating organizations in general and the banking organization in particular would have to make a final good-bye if they fail in assigning due weight age to the changing behavioral profile of users. The main thing in the process is to identify the level of their expectations so that the strategic marketing decision fulfill and satisfy the same (JHA, 2017).

What are our feelings regarding a particular service or our perception of a firm's image and positioning are shaped in the face of service environment. For users, it becomes much more difficult to, assess service quality and therefore we find customers preferring service environment as an important quality signal. It is very natural that a well-designed service environment makes customers feel good and increase the level of satisfaction vis-à-vis the productivity of service operation (JHA, 2017).

The basic aim of this research study is to highlight in the service quality practice of NIB international bank using service quality gap model. This is focused because customers are shifting from the bank from time to time. This is identified from the bank's managers.

1.2 Background of the Organization

Nib International Bank (NIB) was established **on 26 May 1999** under license no. LBB/007/99 in accordance with the Commercial Code of Ethiopia and the Proclamation for Licensing and Supervision of Banking Business Proclamation no. 84/1994 with the paid up Capital of birr 27.6 million and authorized capital of Birr 150 million by 717 Shareholders. The Bank commenced the operation in **28 October 1999 by 27** employees. It joined the banking industry as the sixth private bank licensed in the country.

The Bank implemented **Mobile** and **Internet Banking** through which it is issues NIB cards and has placed its ATM's at various locations throughout the Country to provide its diversified products in convenient ways to our esteemed customers. Moreover, to enhance the application of modern banking technologies and provide competitive service via a wide range of card banking services, the Bank has established a strategic partnership with **MasterCard, VISA and Union Pay branded cards** which is one of the breakthroughs to provide international payment service.

The Bank has registered a steady growth and achievement in all aspects of its operations since its establishment. At the end of financial year 2016/17, its total deposits and loans and advances stood at about Birr 16.4 billion and Birr 10.9 billion respectively. Total assets also grew to about Birr **21.1 billion** and paid up capital to Birr **1.8 billion**. The level of net profit before tax and after tax reached Birr 681.5 million and Birr 516.4 million in 2016/17 respectively. The Bank's shareholders are close to 4,000 and the total number of customers exceeds 520,000. The Bank's employees reached more than 3,600 as at June 2017.

In service industry or sector delivery standards are mandatory because customers use this as a measuring dimension of the service. However, Ethiopian banks (as per investigation made by the student researcher by consulting with Managers of the Ethiopian base banks) don't have a delivery standard that is designed as a policy, but a couple of banks tried to set a delivery standard and failed for different reasons in the implementation step (source: www.nibbank-et.com).

1.3 Statement of the Problem

Choudhury (2007) in his study suggests that customers perceive four dimensions of service quality in the case of the retail banking industry in India, namely, attitude, competence, tangibles and convenience. Identifying the underlying dimensions of the service quality construct in the Indian retail banking industry is the first step in the definition, and hence, provision of quality service. The paper has drawn upon the findings of the service quality dimensions to determine the initiatives that bank managers can take to enhance their employees' skills and attitudes and instill a customer-service culture. Hasra and Srivastava (2009) in their study indicated that the bank should pay attention to these dimensions of service quality and pay more attention to the dimension of assurance-empathy to increase loyalty to a company, willingness to pay, customer

commitment and customer trust. Sudesh (2007) revealed that poor service quality in public sector banks is mainly because of deficiencies in tangibility, lack of responsiveness and empathy.

Delivering efficient and competitive quality service is the tools of the achievements for bank success and use as one of very important competition factors (Zeithaml 2000). The service quality is now become very critical requirements for satisfaction and retaining important customers in banking sector. The bank customer needs and depending on quality products and services. Providing quality product and service has also the mechanism or a method of decreasing customers complement and switching to other banks (Zeithaml et al-1996). From the preliminary research conducted by the student researcher, some gaps has been identified, the information is acquired from three sources. The first source is customers who use the bank's service in one way or another; the second is by interviewing some of the employees in the bank and lastly branch managers have been contacted to reflect their point of view. In addition to that, the student researcher works in the bank as a branch manager so he could have access for information.

Communication is vital for the survival of any company in a dynamic and highly competitive business environment. The communication could be of different types but the main objective is to transfer knowledge and information about the marketing environment. The bank uses rigid but ineffective communication channel. It is important to know and understand customers concern by the management for the company's survival, however; employees are focusing only in the transactions made not on transferring information to top managements or the supervisors. As one of a communication platform in each of the branches suggestion box is in place the challenge is that customers are not in a position to use this boxes much often for different reasons. In addition to this challenge, the bank is not able to differentiate its customers based on the account types it provided. In general terms the bank is focusing on product not on customers need and want. This might cause the bank to lose customers and profit too.

The basic challenge of service industry is that the company and the customers could not be separated in every step of the way. In developing a new service, unlike tangible products, customers are highly involved. However, for one or another reason the bank (NIB) copy new services from other banks without changing the service based on the customers interest. For this basic reason the bank could not position each service in the minds of its customers. This might

lead customers not to think or remind about the newly developed service of the bank. Because of sensitive nature of services especially in banks, customers evaluate the service in specific standards, in some cases stiff standards; this makes service even more difficult to operate.

Customers' complain that the bank doesn't provide consistent service for customers in the same service request from customers. Customers argue that the bank doesn't use similar materials and equipment's in different branches which create confusion among customers.

Employees' attitude and skill or knowledge and capacity have a great impact on attracting and retaining customers. In this technology era where almost everything is supported by computers and technology advancements employees should be fit to work and use this systems. From the customers response the banks employees' are not working accordingly applying the computer system based on the standard set by the bank. This might be because of knowledge gap or because of improper compensation plans of the bank, and in some service types it might be the case of empowering employees to act on in a certain way. From the employees' side, they (employees of the bank) claim that customers have no idea of the roles and responsibilities they have. This might create misunderstanding between the two parties.

One of the means to create customer expectation is the company's advertising and employee's and physical environments of the bank. From observation and customers' feedback the bank exaggerates things making customers to develop a high level of expectation. This by itself might not be the problem as long as the bank could manage to provide the service as per the expectations. However, it will be safe to minimize the expectation and deliver higher performance than failing to provide the service as per the expectation once customers' expectation gets higher.

The bank had never conducted a research to check the service quality it provides. If this is the case the bank will be benefited out of the research finding because it gives the bank full information about customers, employees and branch managers thought. This way it is possible to improve the service quality of the bank and make it competitive enough in the market.

The student researcher selected gap model for the reasons that it provides other additional variables other than the five quality dimensions.

1.4 Basics of Research Questions

1. What is the service quality level of the bank from the customer perspective?
2. What difference exists in customer expectation and perception of banks service quality?
3. What are the obstacles the bank faces in delivering high service quality?

1.5 Objectives of the Study

The following are the general and the specific objectives of the research study.

1.5.1. General Objective

The general objective of the research paper is to evaluate service quality of Nib International Bank S.C. using Services Gap Model.

1.5.2. Specific Objective

➢ To evaluate the service quality level as per the customer perspectives'

➢ To assess the gap between customer expectation and perception of the bank service quality

➢ To discover the obstacles of the bank for delivering high quality services

1.6. Scope of the Study

In the study of service quality it is possible to find different methods and models. However, for this study, the research paper focuses mainly on the service gap model in evaluating the service quality of NIB international bank.

The study addressed final customers who visit to conduct transaction with the bank be it deposit, withdrawal, transfer, loans and advances or any other operational activities. The student researcher selected sixteen bank branches to collect the necessary information from final consumers of the bank. In addition to that branch managers in these selected branches are included as a respondent. The bank branches include; Abinet branch, Cathedral branch, Bole Medahinealem branch, Sholla branch, T/Himanotbranch,Kaliti branch, W/sefer branch, Arada branch, Gotera branch, BisrateGebirael branch, Bole eniredada branch, E/Berenda branch, GofaMazoria branch, Lebu branch, Yererber branch and Teowdrosadebabay branch. Those branches are selected based on transaction level in the branches.

Lastly the student researcher considers the secondary data available in the bank like that of reports and so on from 2013-2018 G.C. this is selected because the bank has launched a new strategic direction which is be replaced in 2019G.C.

1.7. Limitations of the Study

While conducting the research study there were some factors that hindered the study not to be carried out as it was expected, for which; questionnaires were not fully returned for analysis. If the whole questionnaire was filled and returned on time the result might have been better. The other challenge was lack of adequate finance to conduct this research. However, the student researcher finally managed to collect the necessary data to conduct the research from the customers with the help of the branch managers who works in the bank.

1.8. Significance of the Study

This research study contributes significantly to the following parities:

- ➢ This paper provide information to the company as part of an input in further investigation in the subject matter and come up with a strategy to enhance the performance of the service so as to be preferred by the customers which leads to the enhancement of company's profit as well as high satisfaction of customers.

- ➢ It provides with a base line to other interested researchers on similar topics for covering the gaps that has not been surveyed in this research paper.

- ➢ It provides a good opportunity of introducing the student researcher in regard of doing research in practical context which help the student researcher in conducting other researches in future time.

1.9. Organization of the study

The study is organized in five chapters. The first chapter includes background of the study, statement of the problems, research questions objectives of the study, significance of the study, delimitation of the study and organization of the study. In the second chapter literature review is viewed which have relation with field of study. The third chapter deals with research design and methodology, the fourth chapter presents the analysis and interpretation of data. The fifth chapter

includes summary, conclusion and recommendation part. Finally the bibliography and appendixes is attached with the research paper.

CHAPTER TWO

LITERATUREREVIEW

2.1 Introduction

This chapter reviews literature and a related concept with the study. The basic concept helps to explain about service quality theoretically as well as conceptually. This part helps in shaping and structuring the research study. In doing so the research might be close to be in acceptable standard if it fills the gap basing the model in hand. This chapter includes theoretical review, empirical review and conceptual framework.

2.2 Theoretical Review

Ghotbabadi, Feiz and Baharun (2015) cited from (Kotler and Armstrong, 2007) that the main goal of every firm is to make profit and increase productivity by either acquiring more customers or keeping current customers, but keeping current customers provide more profit with less cost than attracting new customers. To further the concept Ennew and Waite (2007) said, marketing is an approach to business which focuses on improving business performance by satisfying customer needs. As this is the case Nagdeman (2009) said that historically, the financial services industry has considered marketing a luxury, rather than a critical part of the business mix.

2.2.1   What is Service Marketing?

Lovelock and Wright (1999) explained that, a service is an act or performance offered by one party to another. Although the process may be tied to a physical product, the performance is essentially intangible and does not normally result in ownership of any of the factors of production. Similarly Hoffman, Bateson, Elliott and Bitch (2010) said that, services can be defined as deeds, efforts or performances. Other definition by Berry and Parasuraman (1917) , Service quality in marketing terms as a discrepancy between customers' expectations and perceptions.

JHA (2017) explained the perception of service marketing focuses on selling the service in the best interest of users/customers. It is concentrated with a scientific and planned management of service which makes possible a fair synchronization of the interest of providers as well as the

users. With a change in the perception of management, we witnessed multi-faceted changes which necessitated an analogous change in the concept of service marketing. The service generating organizations realized the interest of customers and thereafter they were completed to assign due weight age to the interests of society in the face of the holistic concept of management.

2.2.2   Characteristics of Service

Services cannot be separated from their manufacturer either, seeing that there is no actual product being produced; instead the customers interact and are given an experience when purchasing a service. Lastly, services are not things, which can be felt with the body, but with emotions. You cannot feel the service of a hairdresser, but the end product, which is the haircut. Unlike products, services can be viewed as processes that exist only in time (as Fritsch, 2010 cited from Shostack, 1982)

As Brown (2005) A service is characterized by being: Intangible (i.e. a service has no physical presence), Performed (not produced), Perishable (a service is transient, it has no shelf life), People dominated *"Service is adding people to the product"*, No ownership of the resource used by the customer – and Capable, i.e. there is little if any ownership of the idea, No second-hand resale value, Enabling, Impossible to sample and Open to 'inter-customer' influence. With similarity to the above concept Mudie and Pirrie (2006) explained that service encompasses the following characteristics; intangibility, inseparability or simultaneous production and consumption, variability or heterogeneity, and perishability.

2.2.3   Measuring service quality

As it is described by Aquila and Marcus (2004), the employee perspective in a professional services firm is perhaps the most important one, because the main differentiating factor among services firms is the people who actually deliver the service and have contact with the clients. Jha (2017) explained two techniques to measure service quality namely soft measures and hard measures. Soft measures could not be easily observed, it is based on interaction with customers/users, employees and others. It provides direction, guidance and feedback to employees and can be quantified by measuring the perception and beliefs of customers/users. Hard measures in other hand refer to operational processes or outcome with the data such as

uptime, service response times, failure rate and delivery costs. Similarly, Gilmore (2003) explained two different perspectives to manage and deliver services. These are from the consumers' perspective and from service organization or management perspective. From the consumers' perspective service is evaluated in terms of their expectations, perceptions and overall satisfaction with a service while from a managerial perspective service is evaluated in terms of how efficiently customers are served and moved through the service process, how they are managed, and how competently service staff delivers the service.

2.2.4 Service Quality dimensions

As it is explained by Berry and Parasuraman (1917) the key dimensions to service quality thus become reliability (the ability to perform as promised), responsiveness (willingness to help customers and to provide prompt service), and competence (the skills and knowledge necessary to perform the service), courtesy (politeness of contact personnel, credibility (honesty in the eyes of the customers), security (freedom from risks), communication (communicating with customers in ways they can understand and respond to), and understanding the customers (making the effort to know customers and their needs).

Oakland (2005) and Kandampully, et al., (2001) agreed that service quality can only be attained if companies give power to their workforce to emphasize service quality dimensions. These dimensions include tangibles (equipment, physical facilities, and appearance of personnel); reliability (ability to perform the promised service accurately and dependably); responsiveness (willingness to assist customers and offer prompt service); assurance (knowledge and courtesy of employees and their capability to communicate trust and confidence); and empathy (individualized attention and caring, provided to customers).

The conceptualization of service quality includes both the service outcome and service delivery process. The service outcome is a consumer's evaluation concerning the result of a service production process (Lehtinen&Lehtinen, 1991). The service delivery process concerns how the end result of the process is transferred to the customer (Parasuraman et al., 1985). This comprises the way bank staff provide and perform their respective tasks, what they say, and their service delivery. Parasuraman et al. (1985) define service quality as a form of attitude that results from the comparison of service expectation and performance

The measure introduced by Parasuraman et al. (1985; 1988) known as SERVQUAL consists of five dimensions (tangibles, empathy, reliability, responsiveness, and assurance). Of the five dimensions, tangibles discusses physical facilities, equipment, and the appearance of personnel; empathy refers to understanding and being concerned with the needs of individual customers; reliability is largely concerned with the ability to perform the promised service in a dependent and accurate manner; responsiveness involves the willingness of the staff to assist customers and provide prompt service; while assurance relates to the competence of the system and secure service.

2.2.5   Zone of tolerance

The inherent nature of services makes consistent service delivery difficult across employees in the same company and even by the same service employee from one day to another. The extent to which customers are willing to accept this variation is called the zone of tolerance (Lovelock and Wright, 1999). Due to the heterogeneity of services provided, consumers learn to expect variation in service delivery from one location to the next and even in the same provider from one day to the next. Consumers who accept this variation develop a zone of tolerance (Hoffman and Bateson, 2010). Zone of tolerance is a rage of expected service performances that a customer considers satisfactory (Kruger, 2016 cited from Berry and Parasuraman, 1991).

Zeithaml, Bitner and Gremler, (2009) explained zone of tolerance is defined as the degree to which customers recognize and are willing to accept service performance varies (Customers assess service performance on the basis of two boundaries: what they desire and what they consider acceptable (Zeithaml, Bitner and Gremler, 2009). If service drops below adequate service level, customers get frustrated and this may cause dissatisfaction with the service provided by the company (Zeithaml, Bitner and Gremler, 2009). If service is above the zone of tolerance, where service performed by the business exceeds the desired level, customers will have favorable responses to the business (Zeithaml, Bitner and Gremler, 2009).This becomes a problem when service performance falls below what customers are willing to accept. The service gets customers' attention in either positive or negative way (Zeithaml, Bitner and Gremler, 2009).

Thus the overall quality is presented by Gap 5, which is determined by subtracting expectations from perceptions (Bouding, Kalra, Staelin and Zeithaml 1993). The Gap model emphasizes the importance of closing the gap between expectations and perceptions by first understanding what customers' expect. Thus this will lead to identification of other gaps that the business will have to close in order to deliver high quality service that will satisfy customers.

Customers' service tolerance also varies for different service features or dimensions (Zeithaml, Bitner and Gremler, 2009). The more important the service factor the less tolerant customers become towards bad or unreliable service (Zeithaml, Bitner and Gremler, 2009). Thus this concludes the point that the higher the expectations of customers, the higher adequate service levels are, therefore the broader the zone of tolerance is likely to be (Zeithaml, Bitner and Gremler, 2009).

2.2.6 Customer expectation and perception

Berry and Parasuramam (1917) explained that several key factors – word-of-mouth communications, personal needs, past experience and external communications – influence customer's expectations. Mudie and Pirrie (2006) discussed that; before, during (if appropriate) and after consumption of a service two feelings are prominent, namely expectations and perceptions. Expectations are usually formed prior to usage of a service but may also occur where a customer is actively involved in the delivery of a service. They reflect inclinations or beliefs as to what will or should happen. Perceptions can also develop during a service, but invariably materialize after usage. They represent the customer's evaluation of the service, particularly in relation to expectations.

Customers' service tolerance also varies for different service features or dimensions (Zeithaml, Bitner and Gremler, 2009). The more important the service factor the less tolerant customers become towards bad or unreliable service (Zeithaml, Bitner and Gremler, 2009). Thus this concludes the point that the higher the expectations of customers, the higher adequate service levels are, therefore the broader the zone of tolerance is likely to be (Zeithaml, Bitner and Gremler, 2009).

Olson and Dover (1979) consider customer expectations to be representative of pretrial beliefs about a product or service. Expectations, according to Churchill and Surprenant (1982) reflect

anticipated performance. The satisfaction literature suggests that customers may apply different types of expectations with respect to anticipated performance: ideal, expected, minimum tolerable and desirable (Miller, 1977: Churchill &Surprenant, 1982). Others, however, contend that expectations should be based on experience norms (Woodruff, Cadotte, & Jenkins, 1983; Cadotte, Woodruff, & Jenkins, 1987).

Perceptions are always considered in relation to expectations (Zeithaml, Bitner and Gremler, 2009). Perceptions are formed through customers' assessment of the quality of service provided by a company and whether they are satisfied with the overall service (Zeithaml and Bitner, 2003). (Zeithaml, Bitner and Gremler, 2009) Zeithaml and Bitner (2003) argue that because perceptions may shift over time and therefore it is necessary for companies to continually assess customer perceptions (Zeithaml and Bitner, 2003)

2.2.7 Challenges in delivering quality service

Sathyan and Manoraj, (2015) explained five points as challenges that exist specifically in banking industry. These five issues are as follows: changing customer expectation, competition in banking sector, changing regulation, technology changes and emergence of social media.

2.2.8 Customer satisfaction

The average business loses between 10 and 30 percent of its customers each year; but they often don't know which customers they have lost, when they were lost, why they were lost, or how much sales revenue and profit this customer decay has cost them. Customer dissatisfaction is the fundamental reason for customer decay (Hill and Alexander, 2006). Improving customer satisfaction almost always depends upon educating the entire organization about the importance of customer satisfaction, and how to help improve it (Vavra, 2002).

At the end of the 1990s most American businesses accord the measurement of customer satisfaction a high priority (Vavru, 1997). Customer satisfaction can mean virtually anything. It can involve such variables as price, lead time, conformance, responsiveness, reliability, professionalism, and convenience-and it's sometimes a complicated mix of all of these and more (Cochran, 2003). The importance of customer satisfaction, in general, consists in recognizing the mode and the way in which banks generate and create pleasure in consumers of product or services (Sathyan and Manoraj, 2015).

2.2.9 Service design and delivery

Service design is an intensely practical and pragmatic activity, and this makes it inherently holistic (Stickdorn, Edgar, Lawrence and Schneider, 2018). The central goal of service design and delivery is to define and elicit favorable customer emotions (Dhaliwal, Macintyre and Parry, 2011).A good service is supported by well thought through operational processes, well-designed support systems and good underlying network technologies. The service design skill is the expertise to create and enable such service-supporting functions (Pang, 2009).

Pfannstiel and Rasche ed. (2019) stated four steps of Service blueprint design process which includes: Identify Processes, Isolate fail points, establish time frame and analyze profitability.

As part of design inquiry, Service Design has been rather introduced as a human-centre and creative approach to service innovation (Meroni&Sangiorgi, 2011). One of the early accounts of Service Design defines it as "planning and shaping useful, usable, desirable, effective and efficient service experiences" (Moriz, 2005). However, due to the evolving nature of Service Design, it is now more understood at a higher level of abstraction rather than as a narrow description of certain design activities. In other words, Service Design is increasingly considered as 'approach' or 'thinking' that can be transferred to a wide variety of practices for service innovation (Stickdorn& Schneider, 2010).

Service Design, as an approach to service innovation has not yet been systemically explored in terms of its capabilities and competencies to contribute to service development, so its legitimacy remains uncertain (Stigliani& Tether, 2011). Designers recently have been critiqued for their weakness in terms of service implementation; their ideas stay "on the drawing board" due to the "lack of attention to economics–ensuring that ideas are cost effective–and lack of attention to organizational issues and cultures" (Mulgan, 2014).Also, an ongoing AHRC funded networking project into Service Design Research in UK2has suggested the need to clarify the core of Service Design and to conduct research into how Service Design projects can be better implemented, embedded, measured or scaled up.

2.2.10 Service Encounters

Communication is a crucial tool to build up a relationship with new customers and to cultivate the relationship with the existing customers within various marketing channels from both the theoretical and managerial perspectives (Keuper and Hogenschurz, 2008). Service encounter is a period of time during which customers/users directly interact with a service remote, phone and person-to-person encounters being different types (Jha, 2017).

Another prominent stream of research relates to service encounters /experiences or" moments of truth" (Carizon, 1987). The underlying assumption is that customer perceptions of service encounters are important elements of customer satisfaction, perceptions of quality, and long term loyalty. Service encounter research focus on the interactions between customer and employees in service firms

A service encounter is that period of time during which the customer and the service firm interact in person over tele phone or through other media (Shostack 1985). Essentially, a service encounter has been defined as a social interaction involving one human being interacting with another (Czepielet al.1985). Given the high degree of person-to-person inter action and, quite frequently the absence of an exchange of tangible goods; the service encounter becomes a critical component of service quality. There are three key players involved in a service encounter that shape the outcome of any encounter: the *service firm*, which sets policies and guidelines; the *employees*, who enact the policies of the firm; and the *customer*, who seeks to satisfy a range of needs and wants. Chandon et al. (1997) propose several service encounter dimensions on the basis of which a service encounter can be assessed. These dimensions and their subcategories differ depending on whether it is the customer or the firm doing the assessment. From the customer's view, the service provider's perceived competence (expertise), listening skills and dedication are likely to be keyin assessing the service received. From the employee's view, customer courtesy, efficiency in terms of getting the transaction completed and personal (employee) satisfaction are likely to be key in the assessment process.

Svensson (2004) goes one step further, referring to service encounter chains where one service encounter by one service provider affects the quality of another service encounter by a different service provider.

2.3 Empirical Review

During the past few decades service quality has become a major area of attention to practitioners, managers and researchers owing to its strong impact experiences t on business performance, lower costs, customer satisfaction, customer loyalty and profitability(Seth and Deshuh, 2004). There has been a continued research on the definition, modeling, measurement, data collection procedure, data analysis etc., issues of service quality, leading to development of sound base for the researchers (Ghobadian et al., 1994).

Service organizations can achieve a strong reputation for quality service only when they consistently meet or exceed customer service expectations. In the research it is identified that customers expect higher than the performance (Ali, Khan and Saifulrehman, 2012). In addition to that Terzakis, Zisis, Garefalakis and Arvanitis, (2012) discussed in a more detailed way the important aspects in measuring service quality including: Infrastructure (facilities, equipment's, well maintained buildings, and advanced IT services), Employees (skills and knowledge), Products upgrade, reliability and reputation of the department of the company and external strategic cooperation.

As Archakova (2013) explained customer satisfaction and loyalty behaviors are a lead indicator of future organizational performance. Many organizations have failed to use the information generated by the customer surveys to improve satisfaction. The researcher recommends that the easiest way was to give direct questions to receive direct answers. Young, Cunningham and Lee, (1994) discussed that regular search for both inside and outside the industry for concepts which measure the consumer wants and desires is the very important aspect of maintaining quality service.

Brown and Swartz (1989) discussed that inconsistencies in expectations and experiences can and do have an adverse effect on the evaluation of service performance. More important, inconsistencies between patient and physician perceptions of service experiences also are reflected in the medical service evaluation. Incongruences could lead to the patient offering negative word-of-mouth comments about the physician and his or her practice.

Parasuramanet.al., (1985) suggested that when perceived service quality is high, then it will lead to increase in customer satisfaction. He supports that fact that service quality leads to customer

satisfaction and this is in line with Aaravana and Rao, (2007) and Lee et.a., (2000) who acknowledge that customer satisfaction is based upon the level of service quality provided by the service provider.

Fen and Lian, (2005) found that both service quality and customer satisfaction have a positive effect on customer's re-patronage intentions showing that both service quality and customer satisfaction have a crucial role to play in the success and survival of any business in the competitive market.

Su et.al., (2002) carried a study to find out the link between service quality and customer satisfaction, from their study, they came up with the conclusion that, there exist a great dependency between both constructs and that an increase in one is likely to lead to an increase in another. Also, they pointed out that service quality is more abstract than customer satisfaction because, customer satisfaction reflects the customer's feelings about many encounters and experiences with service firm while service quality may be affected by perceptions of value or by the experiences.

2.4 Conceptual Framework

This section will elaborate the basic concepts of service gap model. Understanding the model will help the student researcher to tackle the research easily and it also help the readers and the company managers to follow the steps.

A conceptual model attempts to show the relationships that exist between salient variables. (Ghobadian et al., 1994). It is a simplified description of the actual situations. It is envisaged that conceptual models in service quality enable management to identify quality problems and thus help in planning for the launch of a quality improvement program thereby improving the efficiency, profitability and overall performance.

2.4.1   Overview of service quality gap model

Service sector is a new frontier strategy for marketing strategy. Not unexpectedly service contains more important part of the gross national product of developing and developed nations. Health care, tourism, recreation, engineering service, telecommunication, education, and finance service similar activities are vital to the prosperity of every nation. The approaches necessary to

create customers satisfaction in the delivery of goods versus services are dramatically different (JHA, 2017 quoted from Mason).

Quality becomes the critical competitive factor in the service marketing mix. It is primary factors which separate the delivery of one service from another one. The quality of service can vary from customer to customer, from day to day, and producers. Thus, not only the service outcomes but also the process of service delivery is important (Mason, 1917). A gap is the difference, imbalance or disparity which is determined to exist between customers' perception of performance and their prior expectation. Service quality (SQ) perceived by customers is therefore as a result of a comparison of customers' expectation (E) of services that the organization should offer versus their perception of the performance (P) delivered by the service organization (Kannan and Thomas, 2015).

2.4.2 Gap model explained

It is a helpful structure to understand the service quality in an organization. The gap model includes 5 gaps; of which one is a customer gap and four are provider's gaps. The most important service quality gap is the customer gap – the contrast between customer expectations and perceptions. To narrow and possibly closing the gap between customers' expectations and their perception is vital for delivery of quality service (Nargunde, 2016).
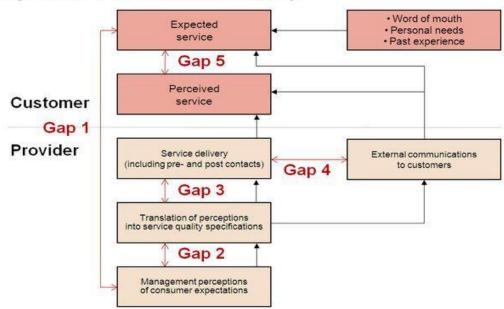

Gap Model of Service Quality

Figure 1. The Gap theory of service quality (source: Parasuramanet.al., 1985)

Parasuraman et al. (1985) proposed that service quality is a function of the differences between expectation and performance along the quality dimensions. They developed a service quality model (Figure 1 above) based on gap analysis. The gaps include:

Gap 1: Customer expectation-management gap. This gap addresses the difference between consumers 'expectations and management's perceptions of service quality. As explained by Louis (2013) this gap results to affecting the way customers evaluate service quality.

Gap 2: Management perception-service quality specifications gap. This gap addresses the difference between management's perceptions of consumer's expectations and service quality specifications, i.e. improper service-quality standards. Beside that Louis (2013) said some factors that affect this gap could be resource constraints, market conditions and management indifference.

Gap 3: Service quality specification-service delivery gap. This gap addresses the difference between service quality specifications and service actually delivered, i.e. the service performance gap. Louis (2013) said employees play an important role in assuring good service quality perception and their performance cannot be standardized. This affects the delivery of service which has an impact on the way customers perceive service quality.

Gap 4: Service delivery-external communication gap. This gap addresses the difference between service delivery and the communications to consumers about service delivery, i.e. whether promises match delivery. Louis (2013) clarify that companies can neglect to inform customers of special efforts to assure quality that are not visible to them and this could influence service quality perceptions by customers.

Gap 5: Expected service-perceived service gap. This gap addresses the difference between consumer's expectation and perceived service. This gap depends on size and direction of the four gaps associated with the delivery of service quality on the marketer's side. Louis (2013) elucidates the idea saying, the scale decomposes the notion of service quality into five constructs including: tangibles, reliability, responsiveness, assurance and empathy. It bases on capturing the gap between customers' expectations and experience.

As Vikram (2017) cited from (Nitin et al., 2005) explained that the service quality is the function of expectations and perception and can be presented as:

$$SQ = \Sigma k_j (Pij - Eij)$$

Where, SQ (service quality) – overall service quality,

k – number of attributes,

Pij (perception) – perception of performances of stimulus i under the influence of attribute j, Eij(expectation)– expected service quality for attribute j compared to standards for stimulus i.

Vikram (2017) also cited from (Zeithmal et al., 1990) the lower the mean score, the larger the gap in service quality and on the other hand the higher the mean score, the smaller the gap in service quality. Gaps 1 to 4 are within the mechanism of an company and need to be investigated to regulate the sources and variations to be employed which can reduce or eliminate Gap 5,which is the gap reflecting the difference between customers perceptions and expectations of the company's level of service.Surveyingofemployeescan helpto measure the extent of Gaps 2 to 4.

2.4.3 Provider Gaps

In gap model it is important to understand the reason behind why each gap has occurred so as to prepare the remedies beforehand. This section discusses each of the provider gaps meaning the reasons behind for the occurrence of each gap in a service industry.

2.4.3.1 Provider Gap 1Not knowing what customers want

It is the difference between what a customer expects from the service and what company understands what customer wants. An important reason that many companies are not able to fulfill customer expectations, is that they fail to understand the exact needs of the customers. He continued this gap exists because; Companies do not interact directly with the customers, Companies are unwilling to ask about expectations, Companies are unprepared to address the expectations (Nargunde, 2016).Zeithaml, Parasuraman and Berry (1990) explained causes for gap 1 to occur as lack of Marketing Research Orientation (Insufficient Marketing Research, Inadequate use of research findings, lack of interaction between management and customers), inadequate upward communication, and too many levels of management. Kossmann (2006) said

that if the company does not even know what customers expect, all its internal efforts to provide a service will not be directed at what really matters-customers' requirements.

2.4.3.2 Provider Gap 2Not selecting the right service designs and standards

Dr. Roy (2018) discussed that, the gap basically reflects incorrect translation of the service policy into rules and guidelines for employees by the management of an organization, he continued explaining the three causes for the gap: poor service design, absence of customer driven standards and inappropriate physical evidence and services cape. Nargunde, (2016) supports the idea saying, Poor Service Design (Unmethodical and disorganized new service development process, Unclear, undefined service designs, Non-success in connecting service design to service positioning, Absence of customer driven standards (Absence of customer driven service standards, Lack of process management to target customer requirements, Dearth of formal process in setting service quality goals), Inappropriate physical evidence and services cape (Inability in building tangibles according to customer expectations, Services cape (the impact of the physical environment in which a service process takes place) design that fail to meet customers' and employees' needs, Insufficient maintenance and upgrading of the services cape).

2.4.3.3 Provider Gap 3Not Delivering to Service Designs and Standards

Kossmann (2006) explained that gap 3 is caused by not appropriately applying the company's internal service designs and standards to actual service delivery. similarly (Nargunde, 2016) expands the issue saying; Problems with Human Resource Policies (Faulty Recruitment, Role conflict and Role ambiguity, Poor fit among employee, technology and job, Lack of teamwork, empowerment and perceived control), Customers who do not fulfill roles (Even customers are expected to play their part in service delivery process, Customers do not have knowledge of their roles and responsibilities, Customers affect each other negatively) Problems with service intermediaries (Contradictor objectives followed by performance by the intermediaries, Problems in controlling service quality and consistency, Problems in how much power and control to be given intermediaries), Failure to match supply and demand (Failures to adopt according to peaks and valleys of demand, Wrong customer mix or marketing mix, Too much of reliance on price to smooth the demand).

2.4.3.4 Provider Gap 4Not Matching Performance to Promises

Lack of integrated service marketing communications (Tendency to see each external communication in isolation, No interactive marketing in communication plan, No strong internal marketing (with employees) program), Ineffective management of customer expectations (No management of customer expectations through all forms of communication, No proper education of customers), Over Promising (Exaggerated promises through advertisement, personal selling or through physical evidence cues), Inadequate horizontal communications (No proper communication between sales and operations, No proper communication between advertising and operations, Variations in policies and procedures across service outlets) (Nargunde, 2016).

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

This part of the research describes about methods how the research is conducted. It includes research design and approach which shows the structure of the research, population, sample size and sampling technique, data type and method of collection, data analysis and presentation technique and reliability test.

3.2 Research Design

To accomplish the objectives stated and to seek answer to the research questions, the student researcher have used descriptive types of research method. This research method is typically concerned with determining the frequency with which an event occurs or the relationship between two variables. This type of design is typically guided by an initial relationship between two variables (Shukla, 2010). As Calmorin and Calmorin (2007) states descriptive researches are valuable in providing facts on which scientific judgments may be based, providing essential knowledge about the nature of objects and persons, for closer observation into the practices, behavior, methods and procedures, playing a large part in the development of instruments for the measurement of many things, formulating of policies in the local, national or international level.

3.3.Research Approach

The student researcher applied both the quantitative and qualitative Approach. The qualitative approach helps to interpret ideas which is gathered through open ended questions, this helps in addressing the respondents ideas which might be raised in the close ended questions so as to have a wider perspective of consumers interest, while the quantitative approach helps to interpret ideas which is gathered through close ended questions.

Qualitative methods involve a researcher in describing kinds of characteristics of people and events without comparing events in terms of measurements or amounts whereas quantitative methods focus attention on measurements and amounts (more and less, larger and smaller, often

and seldom, similar and different) of the characteristics displayed by the people and events that the researcher studies (Thomas, 2003).

3.4.Population, Sample Size and Sampling Techniques

3.4.1. Population

In addressing the research questions the student researcher considers the final consumers as respondents in studying their concern about the bank's service quality gap. Customers that visit to conduct transaction with the bank be it deposit, withdrawal, transfer or any other is selected as respondents. In addition to customers, branch Managers are selected as a respondent.

3.4.2. Sampling Techniques

Concerning customers selection, convenience, non-probability sampling approach is used for the reason that their exact number and list is not available; this helps to choose samples based on the student researcher's and customer's conveniences in terms of time and place. For this reason the student researcher has chosen bank branches that are found in the capital city of Ethiopia. Grade 2 to Grade 5 branches is selected firstly, branches is selected based on number of transaction, number of customers, loan portfolio, credit management, opening duration time of the branch, location of the branch and number of staffs. From this grades high level and low level branches is selected based on the specified criterion. The student researcher selected sixteen bank branches from the total randomly. However, the specific branches is selected based on the criterion specified and the branches includes; Abinet branch, Cathedral branch, Bole Medahinealem branch, Sholla branch, T/Himanot branch, Kaliti branch, W/sefer branch, Arada branch, Gotera branch, BisrateGebirael branch, Bole eniredada branch, E/Berena branch, GofaMazoria branch, Lebu branch, Yererber branch and Teowdros adebabay branch. The bases for this branch selection are that; the branches from different grades have high and low transaction level. This will make customers selection somehow fair and the response to be fairly dispersed among the respondents.

3.4.3. Sample Size

In determining the sample size of the respondents, equation was used from Cochran, (1963) which is stated as follows:

$$n_0 = \frac{Z^2 pq}{e^2}$$

$$n_o = \frac{1.96^2 * .5 * .5}{.07^2}$$

$$n_o = \underline{196}$$

n_o is the sample size, Z^2 is the abscissa of the normal curve that cuts off an area α at the tails (1 - α equals the desired confidence level), e is the desired level of precision, p is the estimated proportion of an attribute that is present in the population, and q is 1-p. With that respect, taking 95 % confidence level Z is termed to be 1.96, with a precision of ±7% and assuming p=0.5. Putting the figures in the equation the sample size is determined to be 196.

This means that one hundred ninety six (196) customer respondents have been taken as a reliable sample size. From the sixteen branches the student researcher has contacted approximately additional twelve (12) customers in each branch which added up to be 208 respondents from the branches so that the response could be reliable. To this the student researcher uses quota sampling technique. As Sukla, (2010) explained quota sampling is a procedure that restricts the selection of the sample by controlling the number of respondents. The student researcher distributed 13 questionnaires to the sixteen branches.

Regarding branch manager's purposive sampling is used to gather information that strength the finding. To be exact sixteen branch managers is contacted.

3.5.Types of Data Collected

The student researcher used both primary and secondary data. The primary data is collected from customers who enter to the selected bank branches for different transaction. In addition to that branch managers in these selected branches are used as a primary source of information. The secondary data is obtained from the documentations, relevant books, articles and journals. In this way the research can provide both previous works of others as a reference and direct response of the customers.

3.6.Method of Data Collection

To get first-hand information which is important to the study, questionnaires is prepared under six major variables on a 5 point leaker scale and distributed among customers while structured interview is prepared to collect the necessary data from branch managers. The questionnaire includes both open ended and close ended questions which help the student researcher to acquire adequate information in conducting the research. The questionnaire is adopted from other research works which help the student researcher to acquire the necessary data.

For ethical purposes the student researcher has explained the purpose of the research to make the respondents feel confident enough in providing the necessary information. The questionnaires are distributed to the respondents through employees of the bank to fill it while they wait in line for transaction.

3.7.Data Analysis Technique

Quantitative and qualitative data analysis techniques are used in this study. Quantitative data analysis technique specifically, descriptive data analysis technique which includes frequency, percentages, mean, variance and standard deviation is used. To summarize the findings, percentages were computed to get the total picture of the data that is collected from sample respondents. Then, the summarized data is presented in the form of tables which is incorporated as part of analysis. Qualitative data analysis techniques specifically narrative is used to analyze the response obtained from interview questions.

3.8.Validity Test and Reliability Test

3.8.1. Validity Test

According to Kothari (2004), validity indicates the degree to which an instrument measures what it is supposed to measure, that is the extent to which differences found with measuring instruments reflects true differences among those being tested to enhance validity of the study. In this regard, a pilot study was undertaken on 10% of the sample population to show both construct validity and content validity. For construct validity, the questionnaire was divided into several sections to ensure that each section assessed information for a specific objective. Unlikely, the questionnaire was subjected to thorough examination by two randomly selected

operational managers to ensure content validity. They were asked to evaluate and comment the statements in the questionnaire for relevance and whether they were clear and meaningful. Based on the findings of the pre-test, the researcher tried to rephrase some questions that are not clear without affecting the basic context of the instrument and also it was confirmed that the questionnaires that pass the pre- test become effective to meet the objective of the study and enhance content validity before distributing to the respondents.

3.8.2. Reliability Test

As Andrew, Pedersen, and McEvoy, (2011) adopted from (Nunnally and Bernstein, 1994), a popular method for measuring the internal consistency reliability a group of items is cronbach's alpha coefficient, often referred to as simply cronbach's alpha or cronbach's α. In short, cronbach's alpha measures how well a set of variables or items measures a single, unidimensional latent construct. It is essentially a correlation between the item responses in a questionnaire; assuming the statistic is directed toward a group of items intended to measure the same construct, cronbach's alpha values will be high when the correlations between the respective questionnaire items are high. Cronbach's alpha values range from 0 to1, and, in the social sciences, values at or above 0.7 are desirable, but values well above 0.9 may not be desirable as the scale is likely to be too narrow in focus.

Table 3.1 Reliability Test

No.	Items	Cronbach's alpha Expectation	Cronbach's alpha Perception
1.	Gap I (knowledge gap)	0.674	0.818
2.	Gap II (service design and standard gap)	0.737	0.885
3.	Gap III (service delivery gap)	0.697	0.774
4.	Gap IV (external communication gap)	0.695	0.795
5.	Gap V (Determinants of Quality)	0.873	0.731
6.	Customer Satisfaction	0.766	0.765
5.	Total Variables	0.831	0.804
Source: Own survey, 2019			

Chronbach alpha shows the reliability of the questionnaires as well as the variables, based on that, from the above from the expectation side all have a value on the standard range except three which is close to standard, from the perception side all variables are as per the standard, however

the whole questionnaires chronbach value is on the standard range as a result it can be concluded that the questionnaire is valid.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS, AND INTERPRETATION

This part of the research paper deals with analysis and interpretation of the collected data through questionnaires (open ended and close ended questions).

Questionnaires were distributed to final customers of NIB international bank those who enter to selected branches to acquire the service. Out of 208 copies of questionnaires (208 questionnaires regarding expectation and 208 questionnaire regarding perception) distributed 180 (87 %) has been filled out thoroughly and returned, the rest could not be collected for different reasons.

The data, which was gathered through closed ended questions, was analyzed using the statistical tools which include percentages and frequency, mean, standard deviation, and model based analysis and the data, which was gathered through open ended questions and interview, was narrated to support the findings of quantitative once.

The questionnaire is distributed to branches managers to be filled by customers of the bank. The respondents were asked to fill what they expect as a customer of the bank and what they have perceived this way it is possible to identify quality level of the bank.

Table 4.1. Demographic characteristics of respondents

Variables	Categories	Outcome			
		Frequency	Percent	Valid percent	Cumulative percent
Gender	Male	63	35.0	37.7	37.7
	Female	104	57.8	62.3	100.0
	Total	167	92.8	100.0	
	Missing	13	7.2		
	Total	180	100.0		
Age of respondents	20-25	8	4.4	4.7	4.7
	26-30	29	16.1	16.9	21.5
	31-35	25	13.9	14.5	36.0
	36-40	28	15.6	16.3	52.3
	41-45	46	25.6	26.7	79.1
	>46	36	20.0	20.9	100.0
	Total	172	95.6	100.0	
	Missing	8	4.4		
	Total	180	100.0		
Education level	10/12 completed	13	7.2	7.2	7.2
	diploma	12	6.7	6.7	13.9
	1st degree	113	62.8	62.8	76.7
	> masters	42	23.3	23.3	100.0
	Total	180	100.0	100.0	
Occupation	student	28	15.6	15.6	15.6
	employee	49	27.2	27.2	42.8
	retired	15	8.3	8.3	51.1
	merchant	88	48.9	48.9	100.0
	Total	180	100.0	100.0	
Income	<1400	45	25.0	25.0	25.0
	1400-2350	26	14.4	14.4	39.4
	2351-3550	23	12.8	12.8	52.2
	>5000	86	47.8	47.8	100.0
	Total	180	100.0	100.0	
Know the Bank	brochures	40	22.2	22.2	22.2
	news papers	49	27.2	27.2	49.4
	radio/TV	78	43.3	43.3	92.8
	company website	13	7.2	7.2	100.0
	Total	180	100.0	100.0	
Source: Own survey, 2019					

From the data collected 63 (35 %) from the total of 180 respondents are males whereas the rest 104 (57.8 %) respondents are females, 13 (7.2 %) were not filled. Regarding the age structure of respondents 8 (4.4 %) are from 20-25 years of age, 29 (16.1 %) are in the age 26-30, respondents in age of 31-35 count to be 25 in number (13.9 %), 28 (15.6 %) of respondents found to be in the age of 36-40, 46 (25.6 %) of the respondents are in the age of 41-45, the rest 36 (20 %) are above 46. 8 were missing.

Concerning the educational background of respondents, more than half (62.8 %) of respondents are first degree holders, in the second level master's degree holders come in position accounts for 23.3 % from the whole respondents, the rest 13.9 % of respondents completed high school (10/12 complete) and diploma.

The two categories of respondents which have higher number are merchants and employees in different institutions in different position which count to be 48.9 % and 27.2 %. The second two meaning students and retired respondents account for 15.6 % and 8.3 % respectively.

Regarding income level of respondents, 45 (25%) acquires less than 1,400, respondents who earn between 1400-2350 counts to be 26 (14.4 %), 23 (12.8 %) of respondents earn 2351-3550 the rest of respondents 86 (47.8 %) earn more than 5000.

Lastly the respondents have been asked how they knew about the bank, the response is as follows. Most of the respondents 78 (43.3 %) heard or seen it on Radio/TV, the second highest 49 (27.2 %) read it from newspaper, the third highest 40 (22.2. %) said that they have identified the bank through brochure and lastly 13 (7.2 %) know about the bank through company website.

4.1. Analysis related to the study

In analyzing the service quality of the bank, the student researcher analyzed both expectation and perception of customers. After analyzing the two variables separately using the model specified in the second chapter, Service Quality (SQ) = Σk_j(Perception (Pij) – expectation (Eij)). With this regard each variable is analyzed separately.

4.1.1. Gap I analysis (Gap between customer expectation and Management Perception)

Table 4.2 Communication Gap

Variable	Perception					Expectation					
	Min	Max	SD	VAR	μ	Min	Max	SD	VAR	μ	DIF
Information flow	1	5	1.23	1.51	2.74	3	5	0.63	0.39	4.17	-1.43
Cooperation	2	4	0.83	0.69	2.77	3	5	0.57	0.33	4.3	-1.53
3Social networks	1	5	1.24	1.53	2.97	1	5	1.03	1.6	3.70	-0.73
Formal networks	3	5	0.72	0.51	4.25	1	5	0.98	0.98	3.52	0.73
Infrastructure	1	5	1.23	1.51	2.74	1	5	1.12	1.23	3.08	-0.33
Mean Score					3.09					3.78	-0.68
Source: Own survey, 2019 (DIF=$(SQ = \Sigma k_j(Pij - Eij))$											

The first gap incorporates five variables (as it is shown in the table above) to measure the service quality of the bank. The more the positive the difference is between the perception and expectation, the higher the quality of service in the bank is.

In the above table it is obvious to observe that customers' expectation is higher than what they got except for one variable which is whether it exists formal networks of communication in the bank or not. The rest is negative; this implies that customers didn't find these variables as they have expected it. Compared to other variables customers believes that information flow is poor in the bank with half a difference. This means that the bank is not in a position to disseminate information to customers effectively. This might create misunderstanding between customers and company employees. If this is the case management of the bank didn't transfer the required message to customers.

Regarding cooperation, mean value is negative which implies that customers felt that the employees doesn't cooperate one another to serve customers. This might create a negative image in the minds of customers in a sense customers might think there is no unity in the company. This might lead customers to consult specific employee to solve their problem in return causes weak information sharing in the bank. As it is known information sharing is very vital in the company to transfer knowledge, to educate employees, to solve a problem easily and much more.

Based on the finding it is identified that the infrastructure (office space, meeting rooms, tea rooms, internet, and intranets) doesn't motivate customers to communicate with the bank, meaning that the infrastructure is not appealing for such activities. In this condition the bank might not be able to acquire the necessary information from customers. While information is very vital for any business to run its operation in a competitive way the bank lacks this opportunity. If this is the case the bank might not be competitive enough in this high completion era.

All in all managements' perception about customers' interest and customers expectation varies in one way or another. This stage is a base for the other stages in which create satisfaction or dissatisfaction of customers.

4.1.2. Gap II analysis (designing gap)

Table 4.3. Design gap

Variable	Perception					Expectation					
	Min	Max	SD	VAR	μ	Min	Max	SD	VAR	μ	DIF
Appreciation	1	5	0.95	0.90	3.93	2	5	0.79	0.63	3.69	0.24
Information share	1	5	1.03	1.06	3.70	2	4	0.63	0.39	3.44	0.26
Service quality behavior	1	5	0.98	0.96	3.52	1	5	0.91	0.83	3.55	-0.03
Service quality program	1	5	1.12	1.23	3.08	1	5	1.04	1.09	3.10	-0.02
Reward	1	5	1.22	1.48	3.06	2	5	0.91	0.23	3.91	-0.84
Penalized	1	4	1.05	1.11	3.13	2	5	0.94	0.89	3.87	-0.74
Mean score					3.43					3.59	-0.17
Source: Own survey, 2019 (DIF=$(SQ = \Sigma k_j(Pij - Eij)$))											

Gap II is about designing a service as per customers' expectation or designing a service standard. This is a stage where by a company develops a service. As it is shown in table 4.3 above, even if the difference shows positive in some of the variables, the total mean score is negative meaning that banks service design has negative outcome.

It is known that when employees are appreciated it motivate them to work harder towards enhancing the quality keeping the standards. The appreciation might be through notice board, or any other that is visible for most. Regarding this, customers expected much higher and better appreciation means in place in the bank.

As it is shown in the table 4.3 information sharing is lacking in the bank which helps to enhance skills of employees in delivering quality service. It is obvious that skill could not be shared but developed, and one means of developing skill is by sharing valuable information among colleague. The skill could be of different type; like how to handle customers, or how to serve customers. In either of the case the ultimate objective is to satisfy customers by enhanced performance.

The two variables which are service behavior like that of courtesy, creativity and the second variable is if there are service programs designed by the bank are insignificantly low that customers perceived it as if it is met with customers standard. However, from the marketing perspective the bank should exceed customer's expectation.

Regarding weather employees are rewarded and customers know about it, the data shows that customers claim they expected much from the bank however, the bank is not doing as it is expected to do so. If those employees who work hard is not rewarded they might be reluctant in delivering quality service. Untimely customers might get dissatisfied.

Customers have been asked what they expect and how they perceived the penalty measure taken by the bank on employees. The data above shows that employees are not being penalized for any service failure because of employees' mistake. Even if the student researcher doesn't believe penalizing always works, it is mandatory to do so in certain circumstances. If employees are not penalized it might become a habit to repeat that wrong action again and again. From managements response it is identified that employees are penalized whenever mistakes are committed, however; the issue will not be disclosed for external party. Based on the two responses it could be identified that customers might expect the penalty to be disclosed by the bank.

4.1.3. Gap III analysis (delivery gap)

Table 4.4 Delivery Gap

Variable	Perception					Expectation					
	Min	Max	SD	VAR	μ	Min	Max	SD	VAR	μ	DIF
Decision making	1	5	1.15	1.31	3.17	1	5	1.19	1.42	3.17	0.0022
Source of service quality	1	4	0.89	0.79	3.53	1	5	0.98	0.96	3.57	-0.04
Mistakes	2	5	0.78	0.60	2.89	1	5	0.97	0.95	3.40	-0.51
Trust	1	5	1.22	1.5	3.62	2	5	0.97	0.94	3.98	-0.36
Service quality practice	2	5	0.85	0.73	3.88	1	5	1.06	1.12	3.73	0.15
Security	3	5	0.76	0.58	4.52	1	5	1.26	1.59	4.13	0.39
Mean score					3.59					3.65	-0.06
Source: Own survey, 2019 (DIF=(**SQ = Σk$_j$(Pij – Eij)**))											

The third stage's effectiveness might depend on the first two actions conducted by the bank which are activities on gap 1 and gap 2. If the management is not in a position to find out what customers want, it will be difficult to design a service that meets with customers' expectation in return jeopardizes the delivery. No matter how much the company strives to deliver a good service, it won't be able to do so unless and otherwise the service designed matches with customers' expectation.

Two of the issues are insignificantly low, meaning customers perceived that employees' authority to make decisions and acknowledging source of quality are almost as per what they have expected it to be. As per the student researchers understanding, there are activities that require management's attention in making decisions. This might be the reason the difference is very low. It is possible to say the bank empowers its employees to make decisions in a controlled environment. The student researcher believes that since it is about finance and economy regulation should be in place in a certain areas while employees should be authorized to make

decisions in some other areas. Similarly customers claim that the source of quality is announced to employees somehow.

Based on the finding employees are not penalized as long as it is to enhance the service quality of the bank. It is true that employees should come-up with ideas to enhance the quality, however; it should not be to the extent it offends customers. This is for the reason that there might be customers who shift companies without saying a word. The biggest damage is not that customers shifted, it is that the company doesn't have any clue why they have shifted.

The two variables (trust and service quality practice) the result is almost similar. Meaning, some customers have doubt. This doubt might be raised from different situations. One might be customers 'personality; other might be because of our culture that dictates money should be deposited under pillow or under ash or somewhere other than bank.

From the above table it's identified that security is a very sensitive issue in which customers doesn't compromise. This difference might arise for different reasons; one of the reasons might be the incident that has happened in some banks in some areas including bole, the other reason might be physical environment of branches.

4.1.4. Gap IV analysis (external communication gap)

Table 4.5 External Communication Gap

Variable	Perception					Expectation					
	Min	Max	SD	VAR	μ	Min	Max	SD	VAR	μ	DIF
Advertised	1	5	1.23	1.510	2.74	1	5	1.26	1.590	2.96	-0.21
Physical evidence	2	4	0.83	0.691	2.77	1	5	1.29	1.652	2.93	-0.16
Dressing code	1	5	1.24	1.547	2.97	1	5	1.36	1.860	2.61	0.36
Mean score					2.83					2.92	-0.09
Source: Own survey, 2019 (DIF=($SQ = \Sigma k_j(Pij - Eij)$))											

As it is known advertising plays a huge role in creating customers expectation. Exaggerated advertising is always a dangers idea when it comes to sustaining company's reputation. From the data it can be identified that the bank's service is not as per it is advertised in any communication medium in the minds of the customers.

Regarding physical facilities including furniture's used in the bank and any other physical facilities, it is evidence that the bank is not performing as per the customers' expectation. Meaning that, the physical environment doesn't show the bank's service quality. In this sense customers think that customers expected higher quality of physical evidence like that of building, office furniture, parking lot and so on. In service since it is intangible, a company needs to tangibles its service according to the quality it delivers. Over furnishing might also be a problem too since customers expectation will get higher and higher.

As it is indicated in the table above the bank doesn't have a consistent dressing code maybe in terms of color or structure. If this is the case, it might be difficult to differentiate employees' responsibility/job placement by customers if the bank doesn't set any code. This might cause confusion on customers in identifying who are the right employees to be addressed in case of support from customers.

4.1.5. Gap V (Determinants of Quality)

Table 4.6 Servqual Dimension

	Perception					Expectation					
Variable	Min	Max	SD	VAR	μ	Min	Max	SD	VAR	μ	DIF
Tangibility	1	5	1.23	1.51	2.74	1	5	1.22	1.48	3.06	-0.32
Reliability	1	5	0.99	0.99	3.28	1	4	1.06	1.11	3.16	0.12
Responsibility	1	5	1.20	1.44	2.62	1	5	1.22	1.48	3.06	-0.44
Safety	1	5	1.20	1.44	2.62	1	4	1.06	1.11	3.13	-0.51
Empathy	2	5	1.08	1.16	3.82	1	5	1.19	1.40	3.58	0.24
Mean score					3.02					3.18	-0.17
Source: Own survey, 2019 (DIF=($SQ = \Sigma k_j(Pij - Eij)$))											

Five dimensions are important in determining companies service quality, this includes; tangibility, reliability, responsibility, safety and empathy. If the expectation is higher than perceptions it means that the quality is in a poor condition and the reverse is true.

In the above table it's tried to collect a data what customers have expected prior consumption and after consumption. It is found out that in two issues, these are reliability and empathy, the data shows positive. In this regard the bank should need to work harder to keep it that way.

The rest three dimensions show negative results. From the table it can be inferred that the bank is not delivering the promised service. It might not be on the capacity of the bank to deliver the

service but it might be customers' expectation is higher than the bank's capacity. In addition to this, in handling customers, the bank is not treating customers to the limit. It's said to the limit because the difference between expectation and perception of customers in this regard is insignificantly low. Similarly, employees are not responsive enough to provide adequate and timely response for customers.

4.1.6. Customer Satisfaction

Table 4.7 Customer Satisfaction

Variable	Perception					Expectation					
	Min	Max	SD	VAR	μ	Min	Max	SD	VAR	μ	DIF
Required skill	2	5	1	1	4.16	1	5	1.24	1.55	3.48	0.68
Friendly	1	5	1.1	1.20	4.35	3	5	0.7	0.48	4.56	-0.21
Professional	1	5	1.08	1.16	3.89	2	5	0.72	0.52	3.97	-0.08
Respond	1	5	1.41	1.99	2.97	2	5	0.99	0.98	3.52	-0.55
Appearances	1	5	1.40	1.98	2.88	1	5	1.20	1.44	2.62	0.27
Seating arrangements	1	5	1.39	1.94	2.25	1	4	0.98	0.96	2.24	0.0085
Overall	1	5	1.43	2.04	3.57	2	5	0.70	0.49	3.97	-0.4
Mean score					3.46					3.48	-0.0191
Source: Own survey, 2019 (DIF=$(SQ = \Sigma k_j(Pij - Eij))$											

Satisfaction is the ultimate objective of marketing in any industry be it service or manufacturing. A customer who is satisfied will probably purchase a company's product again and again, tell other customers about a positive experience in that company, meaning promote company's brand. It is obvious any company should work hard to satisfy customers.

In a service industry employees and management are very crucial to satisfy customers. From the data above employees of the bank has the required skills and knowledge about the bank's products and services. This means that employees are in a position to explain about the bank's product and services to clients effectively. If employees are aware of the products, it is possible to create confidence on the minds of customers in purchasing the service.

However, the rest of the variables are negative. Overall, customers are not satisfied with the bank's overall activity. This creates a challenge for the bank to retain its customers. If this is the case the bank might be in jeopardy to sustain its profit, especially if foreign banks enter to Ethiopian market.

4.2.Analysis of Interview Responses

Sixteen branch managers have been addressed to provide responses for 14 issues. The response is narrated respectively as follows.

All managers agreed that customer service starts from customers with no difference among them. Some relates the objective or goal of customer service with creating better work atmosphere and make good or quality services while others link it with maximizing customers' satisfaction and sales. Retaining customers is also part of customer services goal.

One manager said that there is no start and end for customers' service. He explained it further saying there is no demarcation where it starts and ends rather it is continues process. Other managers responded that customer service starts when customers reach and make first contact with our security personals or when any of the bank employee answers a call from customers or when a customer use his/her visa card in any of bank's ATM or POS Machine.

The branch managers responded that quality is defined in to ways but the start point is customers. Some of the managers claim that quality is a broader concept but it can be concluded to say quality is when customers are satisfied with the service provided and when customers return for more transactions. Few managers said that quality is enhancing customers' satisfaction with lower cost.

As managers they claimed that they engage themselves in serving customers in some cases and promote employees to make informed and analyzed decisions in simple and redundant tasks. The management said that they contact customers personally to discuss matters.

In general terms managers said that the first thing is to hear customers out fully so as to minimize insecurity and stress, the second step is to provide with immediate solution either by the CSO or assistant branch manager or branch manager based on the circumstance.

Appreciation is the base to motivate employees. The appreciation includes oral and written, support social obligations financially. However, customers are not aware of the appreciation that the bank do.

The management said that they do provide good customer experiences but it's up to customers to decide to what extent the experience is satisfactory. The management continued that employees' performance is checked semiannually by the branch manager.

The management responded that they are closely available with the bank employees as well as customers. They said that personal observation is conducted by the managers, customers complaint to the management since the managements door is open at any required time.

The management said that the relationship between management, back-office and from line employees is aligned meaning it is closely linked. The work itself forces this type of relationship.

Customers' feedback is immediately forwarded to employees orally.

There are frequent meetings with employees to address feedbacks that might improve customer service. After that the management take corrective actions based on the policy and capacity that the bank owns.

The branch managers explained that employees take customer satisfaction trainings that is prepared by the bank now and then that will help the bank to improve customer satisfaction and retention, however; the management took the course once a while. This doesn't help the management to improve customer service.

The branch managers explained that infrastructure which includes network interruption, power interruption, national bank's policy and procedure, foreign currency shortage, lack of skilled man power, skilled man power, high turnover, rigged bank policy and procedures are major challenges or obstacles that hinders the smooth flow of service. They continued saying if this issues were resolved it would be possible to deliver much higher quality service by exciding customers expectation. However, with all this challenges the bank is trying to satisfy its customers by improving its service and designing new services.

4.3. Discussions

The review of various service quality model revealed that the service quality outcome and measurement is dependent on type of service setting, situation, time, need etc factors. In addition to this even the customer's expectations towards particular services are also changing with respect to factors like time, increase in the number of encounters with a particular service, competitive environment, etc. (Seth et.al, 2005). Results from a multi-company empirical study examining relationships from the model concerning customers' behavioral intentions show strong evidence of their being influenced by service quality (Zeithaml,Berry and Parasuraman, 1996). The research reviled that if each of the steps are to be

followed accurately the bank could easily satisfy its customers. This is identified from other researches too.

Compared with the two research study and the one conducted by the student researcher it is visible that there is similarity. The similarity is in a sense that both study found out that whenever the customer's expectation is higher and higher the probability of the company to provide higher quality is low. This means that companies should limit themselves in creating customers expectation to the capacity to which they can deliver the service standards otherwise customers will be dissatisfied. If one customer is dissatisfied there is high chance of negative word of mouth which might damage the companies brand in long term if not in short terms.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

In this portion of the research study major findings will be summarized to get the whole picture, conclusions will be drawn out of the findings and finally recommendations will be given so as to take measures that might help to overcome the problems and attract much of the customers if not all.

5.1. Summary of Findings

From the data collected if the bank collects information about customers, it is found out that customers' expectation is higher than what they have get in all the variables except one variable which is whether it exists formal networks of communication in the bank or not. The variables used for assessment includes; information flow, cooperation of employees, social networks, infrastructure which is negative and formal networks which is positive with perception and expectation difference of -1.43, -1.53, -0.73, 0.73 and -0.33 respectively.

The second categories of data collected were employee appreciation, information sharing, service quality behavior, service quality program and reward. The first two variables are positive while the last four variables are negative with the result of 0.24, 0.26,-0.03,-0.03,-0.84 and -0.74 respectively, this implies that quality of service improved through employee appreciation. On the other hand lack of information sharing negatively affects the service quality. The effect of other variables such as Service quality behavior and Service quality program are insignificantly low on service quality. When we see reward in the eye of the customer if banks hard workers is not rewarded the person may not satisfied them. Related to this the other variable which is penalty may be the corrective mechanism of poor quality service. However, the response of the customers show the company does not apply any of this method for the improvement of the service quality at least in the noticeable way to the customers.

Third categories of data were decision making, source of service quality, mistakes, trust, service quality practice and security. Here also according to the customer response the company does not utilize any of these methods in to deliver the services properly and effectively.

The forth categories was regarding the company keeping promise providing the service that is expected by customer. The variables used were advertised, physical evidence and dressing code. The result shows the customers does not get what they are expected from the advertisement, similarly the company's physical evidence doesn't tell the banks service quality and lack consistency of dressing among employees.

Regarding the quality dimensions except two variables which is tangibility and safety the rest shows negativity. If the difference between perception and expectation is negative it means the bank is now working as customers believes it will and creates frustration.

Employees of the bank have the required skills and knowledge about the bank's products and services. This means that employees are in a position to explain about the bank's product and services to clients effectively. If employees are aware of the products, it is possible to create confidence on the minds of customers in purchasing the service. However, the rest of the variables are negative which are; friendliness, professional, respond, appearances and seating arrangements.

5.2. Conclusion

From the data collected it is possible to say the bank doesn't collect information about customers. Information is very vital in this competitive environment. This information could be used to treat customers in a customized way. The bank's employees also lack cooperation among themselves. One of the means to deliver maximized service quality is to create employees cooperation. Similarly banks infrastructure which might include the building or furniture's doesn't give motivate customers to easily communicate with the bank.

The challenge in gap one or stage one contributes largely for challenges in the second stage. Any failure in the first stage hinders the design in the second. The bank is not promoting quality service through different techniques. One of the techniques to promote quality service is to appreciate skills of staffs in which the bank is not practicing it. In this, bank's staff might not work towards improved quality. Not only this information is not shared to clarify and ensure quality of service delivery, customers claim that courtesy, creativity and responsiveness is not integrated in the bank as a culture. In addition to this, the coordination of the bank that helps practice service quality is not practiced. The bank doesn't penalize employees too as per customer's feedback who offers poor quality service to customers. The poor quality service might include taking longer time in serving customers, or not being empathetic enough.

In some way employees are authorized to make decisions which minimize customers worry. However, the bank doesn't publicly acknowledge junior or senior employees who have done well in terms of delivering quality service. As it is important to acknowledge employees with good practice, it is also important to penalize employees who make mistakes in which the bank fails to do so in the customer's eye. The other bigger concerns of customers are security to use bank's service. As culture is bigger influential factor for this some dangerous practices are also contributed for this particular problem. Some of the customers claim that the security personals doesn't give much attention for certain customers in entering the bank and other security personals are not that much alert. Overall, the bank needs to work hard to change customers' attitude in this regard.

It can be concluded that bank's advertising is exaggerated in promoting its service and brand. Exaggeration leads to higher expectation of customers and can be a cause for dissatisfaction. When it's said the ads is exaggerated it includes the slogan used, the pictures used and so on. In

addition to this the physical evidence including parking lot, lighting, office furniture's used, paper headings, notice boards and many more is not as per the standard that has been promised by the bank either through advertisements or any other means. Not just the physical evidence but also the dressing code is not consistent showing positions of employees that worked at the bank. This creates confusion for customers in addressing the right question for the right personal and creates dissatisfaction to forward feedbacks even worst shift to other banks.

After all customers satisfaction has been found out to be low. The satisfaction level is a cumulative of so many factors including personal and environmental factors. Personal factors include health condition, friends and so on. External factors include those factors who could be linked to the bank. Excluding the internal factors bank's customers are not satisfied with the quality of the delivered service. One main reason is that customers' expectation is higher than what has been perceived. Expectations could be aroused through what the bank advertise and promotes or word of mouth through family, friends or relatives. It can be concluded that most of customers agree bank's service quality is not as per the expectation.

5.3. Recommendation

In order to gather information about customers, the bank should facilitate placement of suggestion boxes in every branch. Even though this is the base line for immediate response the bank should start conducting researches through its marketing department. For this purpose the bank should allocate budgets and recruit and train employees who have the skills and knowhow. This will help the bank to deliver a customized service since a service by itself requires treating different customers differently. The bank should also facilitate teamwork among employees. This could be achieved by assigning employees who have different skills and knowhow together so as to achieve maximum potential in sharing information among employees. Besides this the bank should facilitate a discussion platform in sharing information about customers and good practice among colleagues and management.

The bank should put in use the notice boards to acknowledge employees as employee of a week or employee of the month. The evaluation to acknowledge employees could be of in two ways; one from the information that is gathered from customers after service and the second is from colleagues as pear-to-pear evaluation. This helps the bank to achieve maximum effort from employees in meeting and exciding the quality standards. Besides this the bank should come up with a minimum quality standard that is expected from each employee. The quality standards might include the time that one employee takes to service one customer, the empathy and courtesy that the employee shows towards customers. But most of all the bank should motivate and participate employees to design a standard so as the employee will be abided by the standard that he or she crafts.

The bank should train its gatekeepers with professional manner so as they will be alert in all circumstances and at all times. It's not just training that needs to be done but the bank should also equip those security personals with the necessary dressing and equipment's. Alarming systems could also be emplacing to notify the police force in any uncertain conditions. System upgrade is also another option that could be used by the bank to avoid customers doubt. This way it is possible to calm customers mind in using banks service.

The bank should identify which group of customers are using the bank's service and collect information before designing its ads. After that the bank should recruit professionals in

marketing to design its advertising since now days many of the ads are violating ethical aspects of the society because of unprofessionalism. The bank should design its interior as well as exterior with Moto that express what has been promised by the bank. The bank should facilitate consistency between and among branches in delivering quality service.

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APPENDIXES

Questionnaire to filled by Bank Customers

This questionnaire is prepared by graduate student of St. Mary's University in the field of Marketing Management Program for the partial fulfillment of a master's thesis. This questionnaire is prepared to assess service quality of NIB International Bank using Service Gap Model and its purpose is purely academic.

The validity of your response has high contribution for success of my study due to this reason I would like to ask with due respect to give the right response based on your thought. All information you provide to this study will be kept strictly confidential.

Thank You for your sincerely cooperation by spending your precious time!

Sincerely Yours,

General Instruction

➢ Give your response by placing "X" sign in the box.

➢ No need to write your name.

Part I Demographic Information

1.. Gender   Male ☐   Female ☐

2. Age 20-25 ☐   26-30 ☐   31-35 ☐   36-40 ☐   41-45 ☐   >46 ☐ ☐

3. Educational Background

10/12 Completed ☐   Certificate ☐   Diploma ☐   1st Degree ☐   ≥Master ☐

4. Occupation Student ☐ Employee ☐ Retired ☐ Merchant ☐ Other_____

5. Income   <1400 ☐   1400-2350 ☐   2351-3550 ☐   3551-5000 ☐   >5000 ☐

6. How did you know Nib International bank S.C

Brochures /Newspaper ☐   TV/Radio ☐ Company website ☐   other_____ ☐

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Part II Questions related with the study (expectation)

Direction: Kindly indicate the extent to which you agree or disagree with each of the following statements regarding your expectation to the services to be provided by your branch. Please indicate by ticking [√] on the space specifying options ranging from "Strongly agree" to "Strongly disagree. where, Strongly Agree = 5; Agree = 4; Neutral = 3; Disagree = 2; Strongly Disagree = 1

S/N	Variables	5	4	3	2	1
**Gap I. (Knowledge Gap) Responses to effectiveness of communication in institutions**
1	Information flow downwards most of the time in the bank is visible to the customers.					
2	There is cooperation among employees in the bank which promotes service quality and organizational efficiency					
3	employees in the bank have easy access to social networks (Face-book, Twitter, Linked-In etc) that facilitate interaction with customers					
4	The bank ensures the existence of formal networks in order to facilitate effective communications and it is observable.					
5	There is adequate infrastructure (office space, meeting rooms, tea rooms, internet, intranets) to create space which facilitates organizational communication in the bank					
**Gap II. (Design Gap) Analysis of role of Management in promoting quality service**
6	The bank have a strong appreciation of the skills of its staff when delivered service.					
7	The bank ensure that all functions are linked to share information thus enabling the organization to value into the skills of its staff to ensure quality service delivery					
8	The bank ensure that good service quality behavior (courtesy, creativity, responsiveness) is fused into the organization's performance					
9	There is a well-coordinated and practical service quality program in the bank					
10	The Bank reward employees who do well in offering quality service to customers and it is acknowledge by customers					
11	The Bank penalize employees who offer poor quality service to customers					
**Gap III. (Delivery Gap) Analysis of organizational culture and service quality**
12	Employees of the bank involved in decision-making & it is observable by the customers.					
13	The bank publicly acknowledges the source of service quality even if it is a junior employee and it is visual to the customers.					
14	The bank penalize employees who make mistakes while trying out new ideas that enhance service quality					
15	The bank created an environment where trust exists between bank staffs and external customers					
16	The bank acknowledge employee who engages in service quality practices & known by the customers.					
17	I feel secure to use bank's service					
**Gap. IV (External Communication Gap) Company Promise**
18	The bank's service is as per it is advertised					
19	The bank's physical evidence dictates about the quality of service					
20	The bank's employees dressing code shows consistency of the bank service					
**Gap V. (Determinants of Quality) Characteristics of bank service experience**
21	The appearance of bank object, equipment, staff and propaganda material is appealing (Tangibility).					
22	The bank has ability to reliably and precisely offer the promised service (Reliability).					
23	The bank is Willing to help a guest and offer a prompt service (Responsibility).					
24	Bank staff has Knowledge and politeness and has ability to show trust (Safety).					
25	The bank has Individual attention for its guests (Empathy).					
**Analysis of Customer satisfactions**
26	The bank staff have require skills and knowledge about the bank's products and services					
27	The bank staff are friendly and behave in a courteous manner when dealing with you					
28	The branch staff are professional and have a pleasing and presentable appearance					
29	The branch staff are willing to listen and respond to your needs on time					
30	The branch overall appearance is neat and orderly					
31	The branch has sufficient and comfortable seating arrangements					
32	Overall, I am satisfied with the branch staff					

Part III Question related with the study (perception)

Direction: Kindly indicate the extent to which you agree or disagree with each of the following statements regarding your expectation to the services to be provided by your branch. Please indicate by ticking [√] on the space specifying options ranging from "Strongly agree" to "Strongly disagree. where, Strongly Agree = 5; Agree = 4; Neutral = 3; Disagree = 2; Strongly Disagree = 1

S/N	Variables	5	4	3	2	1
**Gap I. (Knowledge Gap) Responses to effectiveness of communication in institutions**
1	Information flow downwards most of the time in the bank is visible to the customers.					
2	There is cooperation among employees in the bank which promotes service quality and organizational efficiency					
3	employees in the bank have easy access to social networks (Face-book, Twitter, Linked-In etc) that facilitate interaction with customers					
4	The bank ensures the existence of formal networks in order to facilitate effective communications and it is observable.					
5	There is adequate infrastructure (office space, meeting rooms, tea rooms, internet, intranets) to create space which facilitates organizational communication in the bank					
**Gap II. (Design Gap) Analysis of role of Management in promoting quality service**
6	The bank have a strong appreciation of the skills of its staff when delivered service.					
7	The bank ensure that all functions are linked to share information thus enabling the organization to value into the skills of its staff to ensure quality service delivery					
8	The bank ensure that good service quality behavior (courtesy, creativity, responsiveness) is fused into the organization's performance					
9	There is a well-coordinated and practical service quality program in the bank					
10	The Bank reward employees who do well in offering quality service to customers and it is acknowledge by customers					
11	The Bank penalize employees who offer poor quality service to customers					
**Gap III. (Delivery Gap) Analysis of organizational culture and service quality**
12	Employees of the bank involved in decision-making & it is observable by the customers.					
13	The bank publicly acknowledges the source of service quality even if it is a junior employee and it is visual to the customers.					
14	The bank does penalize employees who make mistakes while trying out new ideas that enhance service quality					
15	The bank created an environment where trust exists between bank staffs and external customers					
16	The bank acknowledge employee who engages in service quality practices & known by the customers.					
17	I feel secure to use bank's service					
**Gap. IV (External Communication Gap) Company Promise**
18	The bank's service is as per it is advertised					
19	The bank's physical evidence dictates about the quality of service					
20	The bank's employees dressing code shows consistency of the bank service					
**Gap V. (Determinants of Quality) Characteristics of bank service experience**
21	The appearance of bank object, equipment, staff and propaganda material is appealing (Tangibility).					
22	The bank has ability to reliably and precisely offer the promised service (Reliability).					
23	The bank is Willing to help a guest and offer a prompt service (Responsibility).					
24	Bank staff has Knowledge and politeness and has ability to show trust (Safety).					
25	The bank has Individual attention for its guests (Empathy).					
**Analysis of Customer satisfactions**
26	The bank staff have require skills and knowledge about the bank's products and services					
27	The bank staff are friendly and behave in a courteous manner when dealing with you					
28	The branch staff are professional and have a pleasing and presentable appearance					
29	The branch staff are willing to listen and respond to your needs on time					
30	The branch overall appearance is neat and orderly					
31	The branch has sufficient and comfortable seating arrangements					
32	Overall, I am satisfied with the branch staff					

Interview Question Prepared for Branch Managers of NIB International Bank

1. What are the goals or objectives for customer service interaction for you as a service provider?

2. When do you consider the customer service interaction starts and ends?

3. How are quality and expectations defined with customers?

4. How do you enhance the quality work internally to meet customer expectations?

5. How is stress prevented during customer interactions?

6. How do you support your team's work during customer service interactions?

7. How are employees motivated to deliver good customer experience?

8. Do you feel engaged to provide good customer experiences? Why?

9. How do you monitor that service interactions goals are being executed?

   a. How do you prevent / detect non-satisfied customers?

   b. How do you encourage / detect satisfied customers? How do you encourage those cases?

10. How do you make sure that customers' needs get fulfilled?

11. What are the relationships between managers, back-office, and front-end employees and how do they communicate with each other during the customer service interaction?

12. Is there any formal process to share the customer feedback with employees in subsequent service interactions? How?

13. How are ideas to improve customer service interactions from employees taken into account?

14. How often are you trained in customer satisfaction topics?

Thank You!!!