



SAINT MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES

**ASSESSMENT OF SERVICE QUALITY AND CUSTOMERS'
SATISFACTION (THE CASE OF DASHEN BANK S.C.)**

BY: AMANUEL DEREJE TAYE

JUNE, 2020

ADDIS ABABA, ETHIOPIA

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DECLARATION

I, the undersigned, declare that this is my original work, prepared under the guidance of ZEMENU AYNADIS (ASSISTANT PROFESSOR). All sources of materials used for this thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning degree.

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June, 2020

ENDORSEMENT

This research has been submitted to St. Mary's University, School of Graduate Studies in order to conduct Thesis II research with my approval as a university advisor.

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Abstract

Service quality considered an important tool for a firm's struggle to differentiate itself from its competitors. The relevance of service quality to companies is that it offers a competitive advantage to companies that strive to improve it and hence bring customer satisfaction. Accordingly the main objective of this research was to examine service quality and customer satisfaction in Dashen Bank. To achieve the objectives of the study data had been collected from the bank customers through questionnaire designed based on Likert rating scale. The study adopted a descriptive research design which assisted to examine the technical and functional service quality and customer satisfaction in the bank. The collected data were edited, coded and entered in to SPSS statistics software and descriptive analysis tool such as frequency; mean value and standard deviation were used to analyze the data. The finding of the study showed that functional quality attributes (Tangibility, Reliability, Responsiveness, Empathy and Assurance) was sufficiently addressed to impact positively customer's judgment towards service quality of the bank. Technical service quality (waiting time and valence) wise, notwithstanding the lengthy of waiting time customers were felt served adequately in the bank. Thus customer satisfaction is marginal in the bank. Accordingly, increasing number of service staffs in branch banks, encouraging customer to use E-banking alternatives and upgrading the bank internet and network connections were among the recommendations forwarded to enhance customer satisfaction in the bank.

Key words: Customer satisfaction, Technical service quality, Functional service quality, Dashen Bank.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Service quality is of utmost importance in analyzing the performance of banks and their branches, since their survival depends on their service quality levels they provide (Portela&Thanassolis, 2005). Excellence in service quality is a key to achieve customer loyalty which is the primary goal of business organizations, due to the advantages of customer retention. Today, the increasing awareness among bank customers of their rights, changing demands and highly competition requires constant progress in service quality from the bank for their customers to stay loyal.

Firms should manage the level of service quality they provide to their customers to improve their profitability and competitiveness. Service quality has become a competitive weapon because it is easy to duplicate a bank product, but not a level of service. Therefore, by understanding the outcomes of service quality, benefits are available to banks in terms of enhancing the level of service quality, gaining competitive advantages, expanding their market share, increasing their innovation ability, and finally improving the bank performance.

A customer presented with a service implicitly decides what aspects of that service are most important (Loudon and Della Bitta, 1988) based on some evaluative criteria. This evaluation is directly influenced by the attributes associated with that service (Dabholker, 1996). Another way, customers judge service quality depending on a number of factors relevant to the context. Many attempts have been made to understand and measure service quality. Most of these efforts have focused on online shopping with limited attention to other service contexts (Li and Suomi, 2007). These endeavors have confirmed the existence of variability in the dimensions of service quality (Li and Suomi, 2007) which means that most measures of service quality that have been developed differ in dimensions and attributes. Besides, most measures are ad hoc and have not been validated, potentially leading to poor managerial decisions (Zeithaml, 2002). Further, while

several service dimensions may be important, only a few are most important from the customer's perspective (Joseph and Stone, 2003).

Certainly the banking industry in Ethiopia is underdeveloped in providing banking services due to lower infrastructure development in the country. However, there is an all immediate need to embark on capacity building arrangements and modernize the banking system by employing the state of the art technology being used anywhere in the world (Gardachew, 2009). With a growth of customer knowhow, little developments in telecom infrastructure and international relations, however, the current banking system is changing and starts providing some electronic banking services. This study assessed the service quality of Dashen bank S.C. To do so, technical and functional quality model is applied.

1.2 Statement of the problem

When customers evaluate the quality of the service they receive from banks, they use different criteria which are likely to differ in their importance, usually some being more important than others. These determinant attributes are the one that will define service quality from consumer's perspective (Loudon and Della Bitta, 1988).

Currently, competition in the banking industry is intense, with new financial service providers emerging all the time, which leads quality of service to be seen more than ever as a key differentiator in the market place. More or less banks in the banking industry particularly in Ethiopia offer almost exactly the same basic services products. All the banks are the same in the kind of services they offer. Therefore, the competing edge is necessary service quality. Like many commercial banks we are daily experiencing, Dashen bank S.C. has different problems affecting the quality of service it offers to its customers. From my observation and experience, some of the factors like network problems are external and hard to control and some others like employees empathy are internal, which are under control of the bank. However, I feel that it is important to identify factors affecting such quality of the bank by conducting scientific research. Many researches are conducted to identify dimensions of service quality; however, most of them are conducted based on SERVQUAL model; but I want to view it from the perspective of technical-functional quality model of service quality. Therefore, this research focuses on

assessment of service quality and customers' satisfaction based on 'technical-functional' model of service quality.

1.3 Research Questions

To solve the above mentioned problem related to service quality and customers' satisfaction, the research is expected to answer the following research questions.

- What are the dimensions of service quality from technical-functional quality model perspective?
- How is the service quality of Dashen Bank S.C.?
- What is the level of customers' satisfaction of Dashen Bank S.C.?

1.4 Objectives of the study

1.4.1 General Objective

The general objective of the study is to assess the service quality and customers' satisfaction of Dashen Bank S.C

1.4.2 Specific Objectives

The specific objectives of this study are:

- To identify the dimensions of service quality from technical-functional quality model perspective
- To assess the level of service quality of Dashen Bank S.C.
- To assess the level of customers' satisfaction of Dashen Bank S.C

1.5 Significance of the study

This research is an applied research which is conducted based on the researchers' observation and experience in Dashen bank service quality and its output can benefit different stakeholders as stated below.

Bank: the study identifies the dimensions of service quality, which is very important to the bank to identify on which dimension it should focus and improve its service quality to make it up to the expectation of customers.

Customers: when the bank learns about the dimensions of service quality to use it as input to improve the service quality, by implication, the customers will be able to get better quality service from the bank.

Policy Makers: regulators like National Bank of Ethiopia and other policy making institutions could refer this document to use it as an input for their policy development.

Scholars: the research doesn't not cover everything about service quality and customers' satisfaction in bank; it only views it from one perspective. Therefore, other researchers who are interested to conducted research on similar areas can refer this document to some insights on the area

1.6 Scope and limitation of the study

1.6.1 Scope of The study

1.6.1.1 Geographical Scope

The research is geographically delimited to Addis Ababa, Ethiopia. It focuses only on Dashen Bank branches operating in Addis Ababa.

1.6.1.2 Conceptual Scope

Speaking of the conceptual scope, the research will focus on assessment of service quality and customers' satisfaction from the technical-functional quality perspective.

1.6.1.3 Methodological Scope

In terms of methodology, the research applied descriptive mixed research approach and research design. It also applied convenience to reach the sample of 128 customers of Dashen Bank S.C. Simple descriptive statistics like frequency table, mean and percentage for the data analysis were applied.

1.6.2 Limitation of the Study

The main limitation of the study is problem regarding data collection. It has been limited to collect a sample of 128 respondents because of the pandemic Covid-19. Conducting interview was also impossible for the same reason. Therefore, the findings of the study should be understood after consideration of these limitations.

1.7 Definitions of terms

Assurance is the knowledge and courtesy of employees as well as their ability to convey trust and confidence (Fitzsimmons & Fitzsimmons, 2001)

Customer satisfaction: is a psychological concept that involves the feeling of wellbeing and pleasures that results from obtaining what one hopes for and expects from an appealing product and/or service (Kotler and Keller, 2006).

Empathy: is the provision of caring, individualized attention to customers Chase et al. (2001),.

Reliability is the ability to perform the promised service both dependably and accurately with error free. (Fitzsimmons and Fitzsimmons 2001),

Responsiveness is the speed and timeliness of service delivery (Johnston, 1997).

Tangibility encompass the appearance of the company representatives, facilities, materials, and equipment as well as communication materials (Davis et al. 2003)

Valence: It refers to customers' post-consumption assessments of whether the service outcome is acceptable or unacceptable. (Wu and Ko, 2013)

Waiting time: It refers to the amount of time that customers spend waiting to be served. (Wu and Ko, 2013)

1.8 Organization of the Study

This study is arranged in five chapters. The first chapter of the research briefly discusses the recent developments in services quality measurement and its impact on customer satisfaction. It also includes the general and specific objectives to be addressed, statement of the problem, research questions, its significance of the study as well as scope and limitations of the study. Chapter two is about related literatures of the study; where corresponding theoretical and empirical literature are discussed. The third chapter handles the methodology of the study (including research design, research approach, sampling procedure and data analyzing technique). The fourth chapter reveals data analysis and interpretation of the result; and finally the fifth chapter focuses on conclusion and recommendations.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 Introduction

Recent years have shown a growing interest in customer satisfaction. The globalization of competition, saturation of markets, and development of information technology have enhanced customer awareness and created a situation where long-term success is no longer achieved through optimized product price and qualities. Instead, companies build their success on a longterm customer relationship. According to former studies, it can cost as much as six times more to win a new customer than it does to keep an existing one. Accordingly this chapter presents theories and empirical review of service quality.

2.2 Service Quality

Grönross (1984) stated that quality is judged on the individual's perception of the service. According to Grönroos (Year), in order to increase long term quality, the customer expectations should be focused, revealed, and calibrated. When customers evaluate service they compare their expectations with what they think they received from the other service providers and if the expectations are met or even exceeded customers believe that the service have high quality.

Customer expectations vary depending on what kind of business the service is connected to. Expectations also vary depending on different positioning strategies of different service providers. Grönroos (1984) proposed evaluation of perceived service quality along technical and functional dimensions. Technical quality is referred to the content of service provided to customer. Functional quality is referred to methods of service execution: treatments reserved to customers by staff, behaviours of the staff and so on; that is, how the service is provided. Grönroos confirmed that quality must be intended as the difference between customer's expectations and the perceived performance. The customer compares his expectations with his experience of the service, perceived through the filter of the company's image. That is, the customer evaluation of service quality is based on a comparison, or confirmation rather than disconfirmation, with respect to some comparative term already held in mind by the customer at the pre-service stage.

Amy and Amrik (2003) reinforced Grönroos' view that customers compare the expected service quality with what they actually receive; that is service quality expectation and perception. Amy and Amrik postulate service quality as dependent on two variables: perceived services customer actually receives from organization and expected services from the customer's previous experience or overall perception of the service. When expected service is higher than perceived service, service is said to be of low quality and when service expected is less than perceived service, overall service quality is considered to be high. Customer expectations vary depending on what kind of business the service is connected to. Expectations also vary depending on different positioning strategies of different service providers. Amy and Amrik (2003) posit that the expectations are influenced by previous experiences of the service provider, competing services in the same industry or related services in different industries. If the customer don't have any previous experience they are more likely to base their expectations on word of mouth, news stories or the marketing efforts of the company.

Unlike Amy and Amrik (2003) and Grönroos (1984), Ekinici and Sirakaya (2004) looked at service quality from the perception of angle. Ekinici and Sakaya, thus, defined service quality in four perspectives: excellence, value, conformance to specifications and meeting and/or exceeding expectations. Excellence looks at a service performing its intended purpose. Excellence is externally defined and as such attributes associated with it changes dramatically and rapidly. Value is the benefit that customer get from using a service. Process and design variations are seen to be a constant thread to achieving conformance to requirements and most technical advances in quality are due to standardization and mass production. However, while standardization or conformance to specifications benefit the customer's through reduced prevalence to quality defects, employees are reduced to mere extensions of the machinery. Meeting and exceeding expectations is a dynamic perspective as expectations change and may be shaped by experiences with other service providers.

An array of factors or determinants has been identified in the literature for measuring service quality. For instance, Sachdev and Verma (2004) measure service quality in terms of customer perception, customer expectation, customer satisfaction, and customer attitude. Despite the

numerous models for measuring service quality, Nyeck et al. (2002) admit that the SERVQUAL model remains as the most complete attempt to conceptualize and measure service quality.

Amore in depth justification of the functional quality is reported by Parasuraman 1985 and 1988. The SERVQUAL model by Parasuraman suggested five dimensions: tangibles, reliability, responsiveness, assurance and empathy are the basis for service quality measurement (Parasuraman et al., 1988; Zeithaml et al., 1990).

The tangibles encompass the appearance of the company representatives, facilities, materials, and equipment as well as communication materials. The condition of the physical surroundings is seen as tangible evidence of care and attention to detail exhibited by the service provider (Fitzsimmons & Fitzsimmons, 2001). Davis et al. (2003) summarize tangibles as the physical evidence of the service.

The reliability and consistency of performance of service facilities, goods and staff is seen as important (Johnston, 1997). This includes punctual service delivery and ability to keep to agreements made with the customer. According to Fitzsimmons and Fitzsimmons (2001), reliability is the ability to perform the promised service both dependably and accurately with error free.

Johnston (1997) describes responsiveness as the speed and timeliness of service delivery. This includes the speed of throughput and the ability of the service to respond promptly to customer service requests, with minimal waiting and queuing time. Fitzsimmons and Fitzsimmons (2001) argue that when the customer is kept waiting for no apparent reason creates unnecessary negative perceptions of quality. Conversely, the ability for the bank to recover quickly when service fails and exhibit professionalism will also create very positive perceptions of quality.

This considers the knowledge and courtesy of employees as well as their ability to convey trust and confidence. The assurance dimension includes the following features: competence to perform the service, politeness and respect for the customer, effective communication with the customer and the general attitude that the server has the customer's best interest at heart (Fitzsimmons & Fitzsimmons, 2001).

According to Chase et al. (2001), empathy is the provision of caring, individualized attention to customers. Fitzsimmons and Fitzsimmons (2001) posit that empathy includes approachability, sensitivity, and effort to understand the customer's needs. Johnston (1997) describes empathy as the ability to make the customer feel welcome, particularly by the contact staff.

2.3 Customer Satisfaction

Customer satisfaction is a psychological concept that involves the feeling of wellbeing and pleasure that results from obtaining what one hopes for and expects from an appealing product and/or service (Kotler and Keller, 2006). Lovelock (2004) conceptualizes customer satisfaction as an individual's feeling of pleasure (or disappointment) resulting from comparing the perceived performance or outcome in relation to the expectation. According to Lovelock and Wirtz (2007), customer satisfaction is a consumer's post-purchase evaluation and affective response to the overall product or service experience.

Satisfaction can be determined by subjective (e.g. customer needs, emotions) and objective factors (e.g. product and service features). Customer satisfaction is perceived as a cumulative and transactional. On the one hand from a transactional-specific perspective, customer satisfaction is based on a one time, specific post-purchase evaluative judgment of a service encounter (Wang and Lo, 2002). On the other hand, in the cumulative customer satisfaction perspective, it is conceptualized as an overall customer evaluation of a product or service based on purchase and consumption experiences over a time period (Lovelock and Wirtz, 2007). Lovelock and Wirtz argue that since cumulative satisfaction is based on a series of purchase and consumption experiences, it is more useful and reliable as a diagnostic and predictive tool than the transaction perspective that is based on a one-time purchase and consumption experience.

Expectation influences customer satisfaction through market communication, image, word of mouth and customer needs. Customer satisfaction is an important element that drives customer retention, loyalty and post-purchase behavior of customers (Kotler and Keller, 2006).

2.4 Service Quality and Customer Satisfaction

Service quality and customer satisfaction are distinct concepts, although they are closely related. Quality is a form of overall evaluation of a product, similar in many ways to attitude. Quality

acts as a relatively global value judgment. Perceived quality is the consumer's judgment about an entity's overall excellence or superiority. It is a form of attitude, related but not equivalent to satisfaction, and results from comparison of expectations with perceptions of performance.

According to Oliver (1981), satisfaction is a summary psychological state resulting when the emotion surrounding disconfirmed expectations is coupled with the consumer's prior feelings about the consumption experience. Therefore, satisfaction relate to a specific transaction.

Comparative studies revealed that regardless of the type of service, customers used basically the same general criteria in arriving at an evaluative judgment about service quality. Service companies have since recently focused on customers in order to improve competitiveness. Measurement of customer satisfaction regarding the service quality of firms is a necessary means by which organizations delve into the minds of its customers for useful feedback that could form the basis for effective marketing strategy. Customer satisfaction is one of the important outcomes of marketing activity (Mick and Fournier; 1999). In the competitive banking industry, customer satisfaction is considered as the fundamental of success. Businesses recognize that keeping current customers is more profitable than having to win new ones to replace those lost. Good customer satisfaction has an effect on the profitability of nearly every business. Anderson and Zemke (1998) stated that satisfied customers improve business and dissatisfied customers impair business.

Jun and Cai (2001) identified 17 service quality dimensions of banking service that enhances customer satisfaction: reliability, responsiveness, competence, courtesy, credibility, access, communication, understanding the customer, collaboration, continuous improvement, content, accuracy, ease of use, timeliness, aesthetics, security and divers features. As Singh (2004) observes, banks enjoy business benefits that accrue from customer satisfaction such as generation of additional revenue, marketing penetration and cost saving.

2.5 Customer Satisfaction Measures

This section introduces the discrepancies between expectation and perception. Oliver (1997) mentions that customer satisfaction a judgment that a product or service feature, or the product or service itself, provides pleasurable consumption related fulfillment. Satisfaction is not evaluative

state but a process extending across the entire consumption horizon. According to customer satisfaction paradigm, confirmed expectations lead to moderate satisfaction, positively disconfirmed (exceeded standards lead to high satisfaction) and negatively disconfirmed, that is, underachieved standards lead to dissatisfaction.

Oliver (1980) discusses that satisfaction can be understood as the discrepancy between expectations and perceptions. That is, customer's perception that compare their pre-purchase expectations with postpurchase perception. Oliver (1997) identifies five different types of satisfaction which are pleasure, relief, novelty and surprise. The extent of satisfaction or strength of the pleasure felt depends on: preferences (ability of offer to meet customer's needs), price (perceived overall value of the offer) and performance (difference between expected benefits and actual benefits received).

Gibson (2005) divided customer satisfaction into four categories: a cognitive concept to be rewarded for the consumers through payment; evaluation on the accord of prior expectation with alternatives of the selection; affective response after purchase; and, judgments influenced by both emotional responses and cognitive disconfirmation. Oliver (1997) suggests that disconfirmation of expectations is present when the satisfaction mode is pleasure, relief or surprise. That is, performance of a product or service meets the expectations of the purchaser.

Gibson (2005) viewed satisfaction as an antecedent of attitudinal brand loyalty, with increases insatisfaction leading to increases in attitudinal brand loyalty. Gibson found satisfied customers become repeat purchasers of a product or service and provide positive word of mouth.

From the customer's point of view, service quality is the difference between what they expect and what they perceive to be receiving from the service provider. This difference creates gaps between expectation and the actual service received. Five gaps have been identified. Gap 1 is between customer expectations and management's perception of these expectations. Gap 2 is the difference between management's perception of customer expectations and the translation of those perceptions into service quality specifications. Gap 3 is the difference between the service quality specifications and the delivery of those specifications to the customer. Gap 4 is the difference between the service delivered to customers and the external communications about the

service. Gap 5 is the difference between customers' perceptions of an actual service experience and the customers' expectations of an ideal service (Parasuraman, Zeithaml and Berry, 1985).

Although all five gaps may hinder an organization in providing high quality service, the fifth gap is the basis of a customer-oriented definition of service quality that examines the discrepancy between customers' expectations for excellence and their perceptions of the actual service delivered. Gaps model recognizes that expectations are subjective and are neither static nor predictable. When the perceptions are greater than expectations, then perceived quality is very good; when they are equal, perceived quality is good; but if expectations exceed perceptions, the perceived quality is less than satisfactory. Thus, judgments of high and low service quality depend on how customers perceive the actual service performance in the context of what customers expect (Sadeghi and Bemani, 2011).

2.6 Functional and technical service quality

There is a consensus among authors about the multidimensionality of service quality (Berry 1986; Grönroos 1982, 1990; Parasuraman et al. 1985), but not about the exact nature and content of these dimensions (Brady and Cronin 2001). Lehtinen and Lehtinen (1982) discuss physical quality (which is acceptable in cases when the results of the service process are tangible, such as in architectural or restaurant services), interactive quality and corporate image in a similar manner as Grönroos (1982). Later, Lehtinen (1983) explained service quality in terms of process quality and output quality, although without discussion of corporate image. Swartz and Brown (1989) synthesized the discussions above into "what" (issues evaluated after service is delivered) and "how" (issues evaluated during the process of service delivering). Rust and Oliver (1994) stated that customers evaluate a service encounter based on the mutual interaction between customers and employees (functional quality), the service environment (physical quality) and the outcome (technical quality), while in understanding of others (i.e. SERVQUAL model), functional and physical quality are usually observed jointly, as a process element of the quality.

Functional quality could be explicated as a perception of the way in which a service was provided; it defines a customer's perception of interaction that takes place during the service provision process and relates to the satisfaction that the service recipient feels toward the process or experience of receiving the service (Arora and Stoner, 1996). On the other hand, technical

quality reflects the result of the service action, service output or what the customer received after the service encounter.

A very important issue for understanding this conceptualization of service quality is customers' ability to assess the technical quality types of services. Service customers are frequently unable to evaluate service output quality, even after the service encounter, since they do not have suitable expertise/knowledge or experience (Grönroos 1984; Lehtinen and Lehtinen 1982; Opoku et al. 2009; Babic-Hodovic 2010).

As a result, functional quality often becomes a compensation for the technical quality evaluation and customers often over-stress this dimension (Grönroos 1990). This is especially the case in professional and highly sophisticated services (e.g. medical, consulting or educational ones). In the case of telecommunication and/or mobile services customers usually have fewer problems in evaluating technical quality. Even without knowing technical details, they evaluate the results of using the service (e.g. successful connection, disturbances during usage). Researchers also agree about the fact that technical quality significantly affects customer perceptions of overall service quality (Carman, 2000, Grönroos 1982,1984, 1990, Rust and Oliver 1994). Grönroos (1984, p. 38) defines this factor as “what remains to the customer when the service process has been completed”. Solomon et al. (1985) express technical output as an “actual” service and consider it the determinant in assessing the quality of a service encounter, while Rust and Oliver (1994) explicate service output as a “service product” and believe it to be a relevant characteristic that customers assess after the service encounter.

Schneider and Bowen (1995) demarcated technical quality as the essence of the service, defining it as the measure of the “core service”. They accept the importance of service processes and interaction, but also point out that the process (e.g. delightful environment or friendly contact staff) cannot eliminate dissatisfaction due to the poor core service. Consequently, they insist that core service could become prevalent compared to other elements related to service delivery. The nature and quality of this core service is what influences customer perception of quality the most. This explanation is based on the assumption that the characteristics of services being offered are equally or even more important as the way in which the service is provided (Rust and Oliver 1994).

Despite acceptance of the idea that technical quality significantly affects customer perceptions of service quality (Grönroos, 1982, 1990; Rust and Oliver, 1994) marketing scholars have yet to identify the attributes of this dimension; the problems are related specifically to the possibility of the generalization of those attributes.

However, a limited number of scholars have conducted qualitative studies to develop the attributes of technical quality (Brady & Cronin, 2001; Ladhari, 2012). Based on review of the related literature, qualitative and empirical research, Wu and Ko (2013) proposed three dimensions of technical/outcome quality which are presented as follows:

- **Sociability:** It refers to the number, type and behavior of the people within the service-setting.
- **Valence:** It refers to customers' post-consumption assessments of whether the service outcome is acceptable or unacceptable.
- **Waiting time:** It refers to the amount of time that customers spend waiting to be served.

2.7 Empirical study review

Service Quality is a qualitative factor that is extremely difficult to standardize. However, most studies in this area have concluded that service quality has a definite bearing on customer satisfaction. The following study shows the relationship of service quality and customer satisfaction with respect to banking sector.

Faizan et.al.(2017) conducted a study titled as “The Effect of Technical and Functional Quality on Guests’ Perceived Hotel Service Quality and Satisfaction: A SEM-PLS Analysis”. The study aimed to integrate existing frameworks and propose antecedents towards perceived service quality and resulting customer satisfaction. A total of 204 questionnaires were collected from the guests staying at hotels in Malaysia. Partial least squares (PLS-SEM) method was employed to test the proposed relationships. Findings from the study support the significant relationship between functional quality, technical quality, overall perceived service quality and guest satisfaction.

Vesna et.al. (2017) conducted a research titled as ‘Perceived Quality and Corporate Image in Mobile Services: The Role of Technical and Functional Quality’. The results suggest that

corporate image mediates the effects of (1) two functional quality dimensions (tangibles and assurance) and (2) both technical quality dimensions on the overall service quality assessment. The core technical quality dimension (network) is also directly related to overall service quality perception.

Badara, Mat, Mujtaba, Al-Refai, Badara, and Abubakar (2013) conducted research on direct effect of service quality dimensions on customer satisfaction in Nigerian Islamic bank. The analysis was done by AMOS, Descriptive Statistics and composite reliability analysis. Then the findings indicated that Tangibility, Reliability and Assurance has no significant effect on customer satisfaction while responsiveness and empathy has significant effect on customer satisfaction.

Vinita (2013) in a study considered three dimensions of service quality employee behavior, information technology and tangibility of which only the first two were found to have a positive impact on satisfaction customers in India.

Siddiqui (2011) in a study conducted in Bangladesh concluded that there was a medium to high correlation between customer satisfaction and the five dimensions of service quality – tangibility, responsiveness, reliability, assurance and empathy with empathy exhibiting the highest correlation.

Culiberg&Rojšek (2010) determined that assurance and empathy were the most critical factors in determining satisfaction amongst bank customers in Slovenia. They have further stated that assurance and empathy represent a “softer” dimension that deals with people’s interaction while reliability and responsiveness represent a “harder” dimension that deals with bank processes.

Zafar, Zaheer and Rehman (2011) tried to study the impact of online service quality on customer satisfaction and conflict handling in banking sector of Pakistan through SPSS analyzing technique. The findings result indicted that Tangibility, Reliability, competence, and conflict Handling will positively result in customer satisfaction.

Mahamad, &Ramayah, (2010) finding shown that perceived service quality is positively associated with customer satisfaction and customer loyalty. And customer satisfaction mediates the relationship between perceived service quality and customer loyalty.

2.8 Conceptual framework

Base on presented and discussed theories and models related to service quality and customer satisfaction, the following research conceptual framework is laid down to depict the relationship between service quality and customer satisfaction.

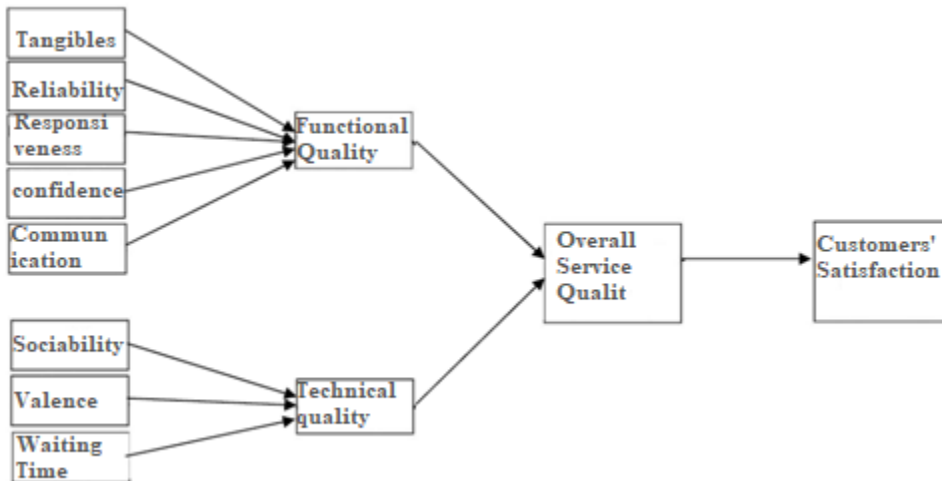


Figure 1 Conceptual framework: adopted from Ali et. al.(2017)

CHAPTER THREE

RESEARCH METHODOLOGY

This chapter treats the methodology that is adopted for the entire study. It consists of research approach, research design, target population, sample size and sampling techniques, data collection instruments, data analyzing techniques as well as validity and reliability of the research instrument data.

3.1 Research Approach

The selection of a research approach is based on the nature of the research problem or issue being addressed, the researchers' personal experiences, and the respondents of the study. There are three basic approaches to research qualitative, quantitative and mixed methods. Quantitative survey is the most appropriate one to use for the purpose of an investigation to describe the degree of relationship between the variables. Accordingly, this research was conducted using mixed research approach.

3.2 Research Design

A descriptive research design was undertaken for this study, since this study was about the customer satisfaction with service delivery of Dashen Bank to describe or portray a reality regarding customer satisfaction with service quality to better understanding of those service quality dimensions that customers are satisfied or dissatisfied.

3.3 Target Population, Sample Size and Sampling Techniques

The target population are customers' of Dashen Bank S.C. The data was collected data from the Trade community around Teklehaymanot. Accordinly, such community is considred as sample frame from which the target sample was selected.

To calculate the sample size, two issues were considered; homogeneity nature of the target population and whether they are definite or indefinite. The customers are actually definite; however, because it is practically difficult to count and know the total number of Dashen Bank's

customers, it can be viewed as unknown population for the sake of sample size determination. Hence, the following sample size determination formula was applied.

$$n = \frac{z^2 p \cdot q}{e^2} \quad \text{where } Z = \text{standardized } z \text{ value of the confidence level}$$

p= level of variability of the target population

q= 1-p

$$n = \frac{1.96^2 0.5 \cdot 0.5}{0.05^2} = 385$$

The sample size was calculated to be 385 according to the formula; nevertheless, after considering the homogeneity nature of the target population and the difficulty of data collection because of the pandemic Covid-19, it has been decided to use one-third of the calculated sample size; and as a result, 128 respondents were selected.

Regarding the sampling technique, non probability sampling technique were applied; because it is impossible to use probability sampling technique as the target population is unknown and it was difficult to give some sort of equal chance to be selected as a sample. Therefore, convenience sampling technique is used to select the respondents. Accordingly 128 Trade communities around Teklehaimanot were selected and participated in the study.

3.4 Types of Data, Data Source and Data Collection Instrument

3.4.1 Types of Data

The source of the data in this study was primary data. The data needed to address the research questions were collected from the study subjects and it includes demographic, technical quality dimensions, functional quality dimensions, overall service quality and overall customers' satisfaction. These data were gathered using self administered structured questionnaire.

3.4.2 Data Source

The source of the data was from customers of Dashen Bank S.C. living and/or working around Teklehaimanot area.

3.4.3 Data Collection Instrument

Primary data is collected about the demographic characteristics of the respondents, technical quality dimensions, and functional quality dimensions, overall service quality as well as overall customers' satisfaction. To collect primary data from customers of Dashen Bank S.C. 5 rating likert scale is used and the questionnaire is adopted from Ali et.al. (2016).

3.4.4 Methods of Data Analysis

The collected data is edited and feed to SPSS for ease of manageability and analysis. And then descriptive statistics like frequency table, cross tabulation, mean and standard deviation are analyzed. In part one of the analyses, the demographic information is analyzed. And in part two, the questions regarding specific objectives are analyzed.

3.5 Reliability

Internal consistency reliability is a measure of consistency between different items of the same construct. Cronbach's alpha and is a reliability measure designed by Lee Cronbach in (1951). It is commonly used as a measure of the internal consistency or reliability of a psychometric test score for a sample of examinees. For testing the reliability of the data instrument, Cronbach's alpha coefficient of reliability calculated to test the reliability of the research instruments. According to Lombard (2010), Coefficients of 0.90 or greater are nearly always acceptable, 0.80 or greater is acceptable in most situations, and 0.70 may be appropriate in some exploratory studies for some indices. Therefore for this study R-value equal to 0.70 or greater was accepted. The following table 1 depicts the results of reliability test.

Table 1 Test of reliability.

Variables	Number of Items	Cronbach's Alpha
Tangibility	5	0.81
Reliability	4	0.78
Responsiveness	5	0.79
Empathy	5	0.83
Assurance	4	0.75
Waiting time	4	0.84
Valence	3	0.77

Source: Survey questionnaire, 2020

Since the value of Cronbach's alphas for this study is above 0.70 for all scale variables, the data collected from respondents was reliable and consistent. In simple term the result is confirmed the reliability and consistency of the data collection instruments.

3.6 Validity

Validity refers to the extent of accuracy of the results of the study. Validity of the results can either be internal or external. Internal validity refers to the analysis of the accuracy of the results obtained. External validity refers to the analysis of the findings with regards to whether they can be generalized as Ghauri & Grönhaug (2005). Therefore to achieve validity questionnaires was include a variety of questions on the knowledge of respondents. Questions were developed based on information gathered during the literature review to ensure that they are representative. Content validity was further ensured by consistency in administering the questionnaires. To this end questionnaires distributed to subjects by the researcher personally. Moreover the questions were formulated in simple language for clarity and ease of understanding and clear instructions will be given to the subjects. In order to improve the strength of questionnaires, research advisor comments and pilot test feedback was used so as to make all the necessary amendments such as reorganization of questions along research questions, eliminating of unnecessary questions, and eliminating of grammatical errors was made.

3.7 Ethical Considerations

The study was conducted with complete obedience of common research ethical norms and guidelines of St. Mary's University (SMU) after approved by ethical review committee of the school. During the data collection respondents participated in filling the questionnaire are informed the confidentiality of the information in addition the participants were orally informed about the objectives of the study and the statement of purpose and confidentiality on the introduction part of the questionnaire. Besides this, respondents were not required to write their name while filling the questionnaire.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1 Introduction

This section of the study details the analyzed results from responses of the respondents. The data presentation, analysis and interpretation organized and presented according to the objectives of the study. The collected data were edited, coded and entered in to SPSS statistical software. The collected data analyzed using descriptive statistics: accordingly data was presented in table and frequency distribution, mean value and standard deviation were computed. A total of 128 questionnaires were distributed to study participants and all 128 questionnaires was properly responded and collected by the researcher (response rate is 100%).

4.2 Demographic characteristics of respondents

The study analyzed respondent's demographic data to see its implications to the data collection instrument. Accordingly respondent's ability to understand the requirement of the data collection instrument and giving matured responses is judged. The study analyzed demographic characteristics as gender, age category, and educational qualification and length of customer time.

Table 2 below shows the demographic characteristics of respondents. Accordingly, 65 (51%) respondents are male and 63(49%) constitutes females. This indicates that the respondents fairly represent both genders.

Age wise 11(18%) between 18-30 years old, 63(49%) are 31-40 years old, 50(32%) are 41-50 years old and 4(3%) are above 50 years old. As majority of respondents are 30 and above years old and this implies that customers can provide matured response the research questionnaire.

Table 2 Demographic characteristics of respondents

Demographic characteristics	Frequency	Percentage
Gender		
Male	65	51%
Female	63	49%
Total	128	100%
Age		
18-30	11	18%
31-40	63	49%
41-50	50	32%
Above 50	4	3%
Total	128	100%
Education level		
Below 12	15	12%
Certificate	15	12%
Diploma	30	23%
First degree	42	33%
Master's degree	12	9%
Above masters	14	11%
Total	128	100%
How long you have been customer		
Below 1 year	2	2%
1-5 years	8	6%
6-10 years	43	34%
Above 10 years	75	58%
Total	128	100%

Source: Own survey

With regard to respondent's level of education, 14 (11%) are above masters, 12 (9%) have master's degree, 42 (33%) are first degree holders and 30 (23%) are diploma, 15 (12%) certificate and 15 (12%) are below grade 12. Majorities 98 (76%) of respondents are diploma and above, thus respondents can understand the data collection instruments to provide pertinent information on the subject.

Concerning the duration of customership, 75 (58%) have above 10 years, 43 (34%) have 6-10 years, 8 (6%) have 1-5 years and 2 (2%) have below 1 year. As majority of respondents are customer for more than 5 years, they can provide credible information about the service provided by Dashen Bank.

4.3 Customer service quality in Dashen bank

Service quality generally refers to a customer's comparison of service expectations as it relates to a company's performance. A business with a high level of service quality is likely capable of meeting customer needs while also remaining economically competitive in their respective industry. According to Grönroos (1984), in order to increase long term quality, the customer expectations should be focused, revealed, and calibrated. When customers evaluate service they compare their expectations with what they think they received from the other service providers and if the expectations are met or even exceeded customers believe that the service have high quality. Grönroos (1984) also proposed evaluation of perceived service quality along technical and functional dimensions. Technical quality is referred to the content of service provided to customer. Functional quality is referred to methods of service execution.

4.3.1 Functional service quality

Functional quality refers to intangible human interactions that take place during the production and consumption of services in response to how the service was delivered and created. Attributes of functional service quality includes service tangibility, reliability, responsiveness, empathy and assurance. Accordingly the functional service quality constructs in Dashen bank are presented and discussed here under.

4.3.1.1 Tangibility

Since services are tangible, customers derive their perception of service quality by comparing the tangible associated with these services provided. It is the appearance of the physical facilities, equipment, personnel and communication materials that drive customer perception of service quality. The bank tangibility attributes are presented in the table 3.

Table 3 Tangibility

Tangibility			
Statements	N	Mean	Grand mean
Dashen bank has up-to-date equipment and technology	128	4.32	4.32
Physical facilities are visually appealing	128	4.54	
Employees are well dressed and appear neat.	128	4.44	
Material associated with the service (deposit, withdrawal forms etc.) are visually appealing at the bank	128	4.21	
The physical facilities and technology of DashenBank goes with the type of service provided.	128	4.09	
Valid N (listwise)	128		

Source: Survey questionnaire, 2020

Tangibility is one the attributes of functional service quality, accordingly respondents response Dashen bank has up-to equipment and technology in place to serve its customers as indicated by a mean value of 4.32. Physical facilities of the bank are visually appealing to customers as witnessed by respondent’s response mean value 4.54. Employees are well dressed and appear neat in serving customers as indicated by a mean value of 4.44. Moreover materials associated with the service provision such as deposit, withdrawal and other forms made available to customer in convenient place as confirmed by majority of respondents mean value 4.21. In general the physical facilities and technology of Dashen Bank goes with the type of service provided as indicated by a mean value of 4.09. Thus the bank physical facilities and technology create good impression in customers and can arose customer’s interest to work with the bank.

4.3.1.2 Reliability

Reliability is the ability to perform the promised service dependably and accurately. Customers want to do business with companies that keep their promises, particularly their promises about the service outcomes and core service attributes. Thus all companies need to be aware of customer expectation of reliability. The bank service reliability is shown below on table 4.

Table 4 Reliability

Reliability			
Statements	N	Mean	Grand mean
The bank employees provide service at the time they promise to do so.	128	4.02	3.93
Employees show sincere interest in solving a problem you face.	128	4.24	
Employees perform service right the first time(error free service)	128	3.33	
Dashen Bank keeps your records accurately (statements, account balance, your contact information...)	128	4.11	
Valid N (list wise)	128		

Source: Survey questionnaire, 2020

Concerning reliability, respondent's confirmed that the bank employees provide service as promised as indicated by a mean value of 4.02. This indicates the dependability of services provided by Dashen bank. Employees also show keen interest in solving customer's problem as witnessed by majority respondent's response mean value of 4.24. This shows the helpfulness of employees to ease customer's inconvenience. Moreover respondents are confident in the bank record accuracy as confirmed by majority of respondents with a mean value of 4.11. Keeping accurate record of financial statements and customer data is important ingredient of customer service. However, respondents rated average for employees performing service right the first time (error free service) as indicated by a mean value of 3.33. Thus the bank needs to raise the level service delivery perfection to enhance its service quality reliability.

4.3.1.3 Responsiveness

It is the willingness to help customers and provide prompt service. This dimension emphasizes attentiveness and promptness in dealing with customer's requests, questions, complaints and problems. Responsiveness is communicated to customers by length of time they have to wait for assistance, answers to questions or attention to problems. Responsiveness also captures the notion of flexibility and ability to customize the service to customer needs. Table 5 shows employees responsiveness in the bank.

Table 5 Responsiveness

Responsiveness			
Statements	N	Mean	Grand mean
There is always adequate number of employees to respond to your needs at the branches of Dashen Bank.	128	3.57	3.93
Employees tells you exactly when the service will be performed	128	4.07	
you receive prompt service from Dashen bank employees	128	3.53	
Dashen bank employees are always helpful	128	4.49	
Dashen bank employees are never busy to respond to your enquires	128	4.01	
Valid N (listwise)	128		

Source: Survey questionnaire, 2020

Respondents replied that moderate number of employees is available in Dashen bank branches to serve customers inquiry as indicated by a mean value of 3.57. This situation may delay customer service provision in the bank and lead to lengthy queue. This is supported with respondent's response that they perceive an average prompt service from the bank employees as confirmed by a mean value of 3.53.

However respondents witnessed that employees inform customers exactly when the service will be performed as indicated mean value of 4.07. Moreover respondents confirmed that Dashen bank employees are always helpful and they never be busy to respond to customer enquires as shown with mean value of 4.49 and 4.01 respectively. This shows employees willingness to help customers and their determination to provide fast service in the bank.

4.3.1.4 Empathy

It means to provide caring individualized attention the firms provide to customers. In some countries, it is essential to provide individual attention to show to the customer that the company does best to satisfy his needs. Empathy is an additional plus that the trust and confidence of the customers and at the same time increase the loyalty. In this competitive world, the customer's

requirements are rising day after day and it is the companies' duties to do their maximum to meet the demands of customers. The banks sympathy towards its customers is depicted by the table 6.

Table 6 Empathy

Empathy			
Statements	N	Mean	Grand mean
Employees provide individual attention	128	3.67	4.03
The bank service hours are convenient to you	128	4.17	
Dashen bank branches are easily accessible to you	128	3.73	
Forms are easily understandable (withdrawal, deposit, account opening, money transfer, application for foreign transactions)	128	4.58	
Employees understand your specific needs	128	3.99	
Valid N (listwise)	128		

Source: Survey questionnaire, 2020

The bank employees are providing an individualized attention to customers as witnessed by majority respondents with a mean value of 3.67. This is evidenced by respondents response of employees are understand customer's specific needs shown by a mean value of 3.99. Knowing customers specific need and customizing service provision is important to enhance customer satisfaction.

Respondents replied that the bank working hours are convenient to them and Dashen bank branches are easily accessible as indicated by mean value of 4.17 and 3.73 respectively. These situations motivate customers to work with the bank as it is at their convenience to reach the bank. Moreover respondents witnessed that the different forms used in the service are easily understandable (withdrawal, deposit, account opening, money transfer, application for foreign transactions) as indicated with a mean value of 4.58. This situation enables customer to communicate clearly with the bank employees the type of service they needed.

4.3.1.5 Assurance

Assurance is the knowledge and courtesy of employees and their ability to convey trust and confidence so that the customer feels he or she is in courteous, able and competent hands. It relates to the capability of the service provider to deliver the output, specifically in terms of the knowledge, politeness and trustworthiness of the employees to the customer of the service firm. This dimension is about the behavior and ability of the employees to instill confidence, secure transactions, courtesy of the employees and the knowledge of the employees to answer questions from customers. The following table, table 7 shows respondents response related to assurance attributes.

Table 7 Assurance

Assurance			
Statements	N	Mean	Grand mean
The behavior of Dashen bank employees Instills confidence in you	128	4.18	4.41
You feel safe in transaction with Dashen bank.	128	4.32	
Dashen bank employees are consistently polite	128	4.62	
The bank employees provide you the adequate information on the service you requested.	128	4.51	
Valid N (listwise)	128		

Source: Survey questionnaire, 2020

As shown in table 7, respondents replied that the behavior of Dashen bank employees Instills confidence in them. This shows that the bank employees have the capacity to deliver the service with courtesy to the bank customers. Moreover respondents witnessed that the bank employees are consistently polite to customers as they treat customers with dignity with a mean value of 4.62.

Customers are feeling safe in their transaction with the bank confirmed by mean value of 4.32. Keeping accurate customers financial records, customer profiles and security enhance customer trust and confidence which in turn results long term relationship with customers.

Customers also confirmed that the bank employees provide adequate information on the service they requested as indicated by mean value of 4.51. To this end customers have confidence in employee's knowledge and they perceive that they can get the right service from the bank.

Table 8 Summary of functional service quality

Functional Service Quality	Mean value
Tangibility	4.32
Reliability	3.93
Responsiveness	3.93
Empathy	4.03
Assurance	4.41
Grand mean	4.13

Functional quality refers to intangible human interactions that take place during the production and consumption of services in response to how the service was delivered and created. In service functional quality customers judge the quality of the process or the way service is delivered. As indicated attributes grand mean value of 4.13 customers perceived that functional service quality is satisfactory as all functional quality attributes were adequately addressed in the bank.

4.3.2 Technical service quality

Researchers agree about that technical quality significantly affects customer perceptions of overall service quality (Carman, 2000, Grönroos 1982, 1984, 1990, Rust and Oliver 1994). Grönroos (1984) defines this factor as “what remains to the customer when the service process has been completed”. Solomon et al. (1985) express technical output as an “actual” service and consider it the determinant in assessing the quality of a service encounter, while Rust and Oliver (1994) explicate service output as a “service product” and believe it to be a relevant characteristic that customers assess after the service encounter. However researchers also agree

in that technical quality attributes are not yet fully identified in the field. Accordingly, to measure technical service quality waiting time and valence are used.

4.3.2.1 Waiting time

A waiting time guarantee (time guarantee, for short) is a firm's commitment to its customers that it will deliver the product (or service) within a specified period of time. The waiting line or queue management is a critical part of service industry. It deals with issue of treatment of customers in sense reduce wait time and improvement of service. Customers waiting time to receive service in the bank is shown below.

Table 9 Waiting time in the bank

Waiting time			
Statements	N	Mean	Grand mean
Waiting time for service was reasonable	128	2.78	3.62
Employees understand that waiting time is important to me	128	3.82	
Employees tried to minimize my waiting time	128	3.58	
I am served in order of my queue	128	4.31	
Valid N (listwise)	128		

Source: Survey questionnaire, 2020

Waiting time is refers to the amount of time that customers spend waiting to be served. Accordingly respondents rated low for the statement ‘waiting time for service was reasonable’ as indicated by the mean value of 2.78. This indicates that customers perceived that they spent long time to get served unnecessarily. Providing fast and seamless service to customer indicates the service quality and results in customer satisfaction. As customers are not happy with the length of waiting time for service, this will adversely affect their judgments of the bank service quality.

Nevertheless respondents witnessed employees understand waiting time importance to customer and employees were somehow tried to minimize customers waiting time with a mean value of 3.82 and 3.58 respectively. Moreover respondents confirmed that customers were served in their order of queue with a mean value of 4.31. As what matters is the actual service these things may

have little effect on customer’s final judgment about the bank service quality. Schneider and Bowen (1995) demarcated technical quality as the essence of the service, defining it as the measure of the “core service”. They accept the importance of service processes and interaction, but also point out that the process (e.g. delightful environment or friendly contact staff) cannot eliminate dissatisfaction due to the poor core service.

4.3.2.2 Valence

Valence is the affective quality referring to the intrinsic attractiveness/goodness (positive valence) or averseness/badness (negative valence) of an event, object, or situation.

Table 10 Valence

Valence			
Statements	N	Mean	Grand mean
At the end of my stay, I felt that I had a good experience.	128	3.69	3.69
When I left, I felt that I’ve got what I wanted.	128	3.72	
I would evaluate the outcome of the services favorably	128	3.67	
Valid N (listwise)	128		

Source: Survey questionnaire, 2020

Valence refers to customers’ post-consumption assessments of whether the service outcome is acceptable or unacceptable. To this end after having the service customers felt that they had a good experience as confirmed by majority respondent’s response mean value 3.69. Respondents also said that they felt that they have got what they wanted from the bank as indicated by a mean value of 3.72. Moreover respondents evaluate the outcome of the bank service positively with a mean value of 3.67. In general the overall service outcome in the bank is rated as acceptable by customer.

Table 11 Summery of technical service quality

Technical Service Quality	Mean value
Waiting time	3.62
Valence	3.69
Grand mean	3.66

The overall technical service quality (service outcome) is perceived by customers as acceptable as shown on table 11. Although the actual service delivered is acceptable, it is not adequate enough to result competitive advantage to the bank as the level of service outcome is somehow marginal. Thus the bank needs to enhance the technical dimension of its customer service.

4.3.3 Customer satisfaction

Customer satisfaction is a psychological concept that involves the feeling of wellbeing and pleasure that results from obtaining what one hopes for and expects from an appealing product and/or service (Kotler and Keller, 2006). Lovelock (2004) conceptualizes customer satisfaction as an individual's feeling of pleasure (or disappointment) resulting from comparing the perceived performance or outcome in relation to the expectation. According to Lovelock and Wirtz (2007), customer satisfaction is a consumer's post-purchase evaluation and affective response to the overall product or service experience. Accordingly customer satisfaction in the bank is presented in the table 12.

Table 12 Customer’s satisfaction

Customer satisfaction			
Statements	N	Mean	Grand mean
I am satisfied with my decision to use this bank as service provider	128	3.79	3.71
My choice to choose this bank as a service provider was a wise one	128	3.62	
I think I did the right thing when I chose to get service at this bank	128	3.77	
I feel that my experience with this bank has been enjoyable.	128	3.66	
Valid N (list wise)	128		

Source: Survey questionnaire, 2020

Customers are satisfied with their decision to use the bank as a service provider as indicated with a mean value of 3.79. Customers felt that their choice of Dashen bank as service provider is wise as witnessed by a majority of respondent’s response with a mean value of 3.62. Customers also felt that they did right when they select Dashen bank and they believed that what they experienced from the bank has been enjoyable as indicated by mean value of 3.77 and 3.66 respectively. The overall customer satisfaction mean value is 3.71 which indicate customer’s satisfaction in the bank.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary of findings

Functional quality attributes

- Customers derive their perception of service quality from the bank tangible attributes such as appearance of the physical facilities, equipment and personnel as indicated by mean value of 4.32.
- The Dashen bank ability to perform the promised service dependably and accurately (Reliability) rated as good by respondents with a mean value of 3.79. However providing error free service to customer is evaluated as medium.
- The bank employee's attentiveness and promptness in dealing with customer's requests, questions, complaints and problems (Responsiveness) observed inspiring to customers as witnessed by mean value of 4.01. Nevertheless, having adequate number of staff in each branch and providing prompt service is rated as moderate.
- Employees ability to understand the thoughts feelings or emotions of the bank customer (Empathy) is persuasive as confirmed by majority of respondents with mean value of 4.13.
- Ability of the bank and its employees to inspire trust and confidence of customer is quite significant as witnessed by a mean value of 4.40.

Technical quality attributes

- Respondents judged waiting time for service in the bank branch is long as confirmed by mean value of 2.78. Respondents judged the service delivery speed as medium.
- Customer's post-consumption assessment of the Dashen bank service outcome (Valence) is acceptable as witnessed by majority response mean value 3.69.
- The overall customer satisfaction mean value is 3.71 which indicate customer's satisfaction in the bank.

5.2 Conclusion

Functional quality refers to intangible human interactions that take place during the production and consumption of services in response to how the service was delivered and created. In Dashen bank functional service quality attributes are well addressed to impact positively customer's judgment towards service quality of the bank. Office lay out is elegant and able to catch customers eye, well dressed and neat employee appearance inspiring customers. Employee's ability and dedication to serve customers with courtesy instill customer's confidence on the bank service. However in terms of assigning adequate staff in branch banks and providing prompt and error free service in the bank are observed somehow inadequate in the bank. As a result these situations may compromise the functional quality of the bank service, the fact that inadequate number of staff cause delay in customer service provision and errors in service affects customers trust and confidence in the bank. Therefore the bank needs to improve these issues to enhance the functional quality (process aspect) of its customer service.

Technical quality primarily focused on what consumers actually received from the service. Customer's perception towards the actual service (output) is more crucial than the way service is delivered. Solomon et al. (1985) express technical output as an "actual" service and consider it the determinant in assessing the quality of a service encounter. To this end waiting time in the bank observed somehow long and customers are not happy with this situation. Thus customers felt that they spent their valuable time on queue to get service from the bank. This in turn results customers unfavorable judgment towards the bank service quality.

The bank service as measured in terms valence, customers felt that they have got what they wanted. This means that despite long waiting time they been served adequately in the bank. As the bottom line is the actual service (output) customers perceived the service effectiveness in the bank and they judged the bank service is acceptable.

The only measure of acceptable quality is customers satisfaction, which takes into account both objective and subjective interpretations of the needs and expectations of customers. If the customers are satisfied with the products and services offered, the organization has not only correctly interpreted customer needs and expectations but it is also providing products and services of acceptable quality. According to the research findings there is customer satisfaction

in the bank. However the extent of customer satisfaction is marginal and can't be considered as adequate enough to result customer loyalty and to secure competitive advantage in the current fragile banking business. Thus the bank needs to improve the technical and functional service quality constructs to enhance customer satisfaction.

5.3 Recommendation

According to Evans and Dean (2003), the customer is the judge of quality. Understanding customer needs, both current and future and keeping pace with changing market require effective strategies for listening to and learning from customers, measuring their satisfaction relative to competitors and building relationships. Satisfaction and dissatisfactions information are important because understanding them leads to the right improvements that can create satisfied customers who reward the company with loyalty. Cognizant with these facts the following recommendations are forwarded to improve the bank service quality.

The major challenge facing the bank is customer's perceived length of waiting time to obtain service. Therefore the Dashen bank should minimize customers waiting time so as to increase customer satisfaction and its competitiveness. To this end the following measures are suggested to minimize customer waiting time.

- Increasing the number of service staffs in branch banks during peak hours and holly day seasons such as during Easter, Christmas, New Year etc. can help the bank to provide quick service to customer.
- Encouraging customers to use electronic banking alternatives such as ATM machine, post machine, mobile banking etc. can reduce customers waiting encounter service.
- Up grading network connection to enhance poor internet connection and outages that slow down the service delivery.

Dashen bank needs to provide training to its employees continuously so as to equip them with knowledge's required to carry out their task and to interact with customer. In this case the bank can use on-the-job training as it can be easily conducted using its experts and available IT facilities. Enhancing employee knowledge and skill enable the bank to provide customers error free and fast service.

The last but not the list recommendation is that, Dashen bank need to focus on innovating new way of serving its customer using the current advanced technology. Innovating new way of service can create more convenience to customer as well as increase its competitiveness in the industry.

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Appendix 1 Questionnaire

Saint Mary's University

School of Graduate Studies

Master of Business Administration Program

Questionnaire for Customers of Commercial Bank of Ethiopia

Dear Respondents:

I am Amanuel Dereje, a Graduate Class student of School of Business, Saint Mary's University. Currently I am conducting research entitled as "*Assessment of Service Quality and Customers' Satisfaction in Dashen Bank S.C*". This research is being conducted to serve only as partial fulfillment of the requirements for the Master of Business Administration (MBA).

The questionnaire here under is designed to collect firsthand (primary) data that could help to achieve the research objectives. The results of the study will have a vital contribution to the banking sector, to clients, to concerned government offices and policy makers at large and others.

Therefore, you are kindly requested to respond to the questions and I assure you that the information you provide will be kept confidential and used only for academic purposes. Hence, I would be very grateful if you could participate in this study by completing the following questions in the questionnaire. Your honest and thoughtful response is regarded as an invaluable input to the quality of the research results.

Part I: Demographic Information

Read the statement and to what extent do you agree with them marking (√) in the box.

Part I General information

1. Gender:

Male

Female

2. Age :

- 18-30years
- 31-40 years
- 41-50 years
- Above 50 year

3. Education

Below 12

Certificate

Diploma

First degree

Master's degree

Above masters

4. How long you been Dashen Bank customer

Below 1 year

1-5 years

6-10 years

Above 10 years

Part II: Questions Related to Service Quality and customers' Satisfaction.

Instruction: Dear respondents please for the items given in the form of statements, please select 1 to 5; where:

1=Strongly Disagree

2=Disagree

3=Neutral

4=Agree

5=Strongly Agree

Functional quality		1	2	3	4	5
Tangibility (TAN)	Dashen bank has up-to-date equipment and technology					
	Physical facilities are visually appealing					
	Employees are well dressed and appear neat.					
	Material associated with the service (deposit, withdrawal forms etc.) are visually appealing at the bank					
	The physical facilities and technology of Dashen Bank goes with the type of service provided.					

Reliability (REL)	The bank employees provide service at the time they promise to do so.				
	Employees show sincere interest in solving a problem you face.				
	Employees perform service right the first time(error free service)				
	Dashen Bank keeps your records accurately (statements, account balance, your contact information...)				
Responsiveness (RES)	There is always adequate number of employees to respond to your needs at the branches of Dashen Bank.				
	Employees tells you exactly when the service will be performed				
	you receive prompt service from Dashen bank employees				
	Dashen bank employees are always helpful				
	Dashen bank employees are never busy to respond to your enquires				
Empathy	Employees provide individual attention				
	The bank service hours are convenient to you				
	Dashen bank branches are easily accessible to you				
	Forms are easily understandable (withdrawal, deposit, account opening, money transfer, application for foreign transactions)				
	Employees understand your specific needs				
Assurance	The behavior of Dashen bank employees Instills confidence in you				
	You feel safe in transaction with Dashen bank.				
	Dashen bank employees are consistently polite				
	The bank employees provide you the adequate information on the service you requested.				
Technical quality					
Valence (VAL)	At the end of my stay, I felt that I had a good experience.				
	When I left, I felt that I've got what I wanted.				
	I would evaluate the outcome of the services favorably				
Waiting Time (WAT)	Waiting time for service was reasonable				
	Employees understand that waiting time is important to me				
	Employees tried to minimize my waiting time				
	I am served in order of my queue				

Customer satisfaction					
Customer Satisfaction (CS)	I am satisfied with my decision to use this bank as service provider				
	My choice to choose this bank as a service provider was a wise one				
	I think I did the right thing when I chose to get service at this bank				
	I feel that my experience with this bank has been enjoyable.				

Thanks !!!