



The Effect of Service Delivery Quality on Bank Image in the case of Bank of Abyssinia selected branch.

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BY

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## Certificate of Approval

This is to certify that the thesis prepared by (Eman Zeynu), entitled “The Effect of Service Quality on Bank Image: in the case of Bank of Abyssinia” and submitted in partial fulfilment of the requirements for the Degree of Master of Arts in Masters of Business Administration complies with the regulations of the University and meets the accepted standards with respect to originality and quality.

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### ***Abstract***

*This thesis investigates the effect of service quality dimensions on the corporate image of Bank of Abyssinia (BOA). Through a quantitative research strategy employing a self-administered questionnaire, the study analyzes customer perceptions and experiences. Descriptive statistics reveal key demographic details, while multiple regression analysis explores the influence of service quality dimensions (tangibility, reliability, responsiveness, assurance, and empathy) on corporate image. The majority of respondents are within the age range of 31-49, and a significant portion holds diplomas or below (74.4%). Findings indicate that reliability and assurance have the strongest impact on customer satisfaction, emphasizing the importance of these dimensions in shaping the corporate image. The research confirms that all service quality dimensions significantly and positively impact the corporate image of the bank. In conclusion, the study recommends that BOA enhance responsiveness in service delivery, invest in modern equipment for tangible improvements, strengthen its industry presence, and prioritize individual customer needs. The limitations include the focus on a specific branch, and future research could explore additional factors like service charges and delivery terms to provide a more comprehensive understanding of customer satisfaction in the banking industry.*

***Key words, service quality, corporate image, bank of Abyssinia ,***



# CHAPTER ONE

## 1. INTRODUCTION

### 1.1 Background of the study

Specifically in the field of banking, service quality has become a major topic in the development of customer satisfaction variables. (Anderson and Olsen), 1999 conclude that service quality to customers can retain the right customers. Therefore it makes it a top priority to form customer equity and to retain profitable customers properly. Service quality is seen as a competitive advantage for the organization to differentiate itself from other competitors. It is very important to determine the long-term profit organization of the service organization. Good service will attract potential customers and retain existing customers. Service quality has become the main tool to know the level of customer satisfaction. The results of several studies indicate that service quality has a positive effect on satisfaction. One of these studies found that service quality has a positive significant impact on customer satisfaction. Knowledge of the Effect of Service Quality, Customer Satisfaction and Corporate Image. Products and fast service were found to be the factors that are positively associated with overall satisfaction. Research conducted in public sector banks and private sector banks Aydin and Zer. Service quality becomes the determinant of customer loyalty. According to Aydin and Zer, corporate image also become the major antecedent of customer loyalty. Zameer et al 1999. Found the influence of service quality, customer satisfaction and corporate image on customer's perceived value that helps the service sector, especially banks, how they can increase the perceived value of customers through improved service quality, customer satisfaction and corporate image.

Customer Satisfaction Oliver has stated that customer satisfaction and dissatisfaction regarding disconfirmation of consumer expectations. Satisfaction has been defined as the level of emotional reactions from service experience. Thus, satisfaction is based on direct past experience. Kandampully and Hu stated that corporate image is influenced both by service quality and customer satisfaction, which in turn influences customer loyalty. The results of their research have shown that the key customer loyalty seems to be the coaching of a good corporate image created by improving the quality of service and satisfying the customers. Lovelock

identified customer satisfaction as an important driving force for customer loyalty and demonstrated a marked positive correlation between the two.

The results of some researches have shown that customer satisfaction has a direct influence on Bank Image on service.

Several researches are conducted on effect of service quality on customer satisfaction and effect of service quality of customer loyalty.

Tizazu Kassa conducted research on effect of service quality on customer satisfaction in the case of selected private bank in Ethiopia and the finding indicate that customers of Awash international bank were satisfied by the five service quality dimensions (tangibility, reliability, responsiveness, assurance and empathy). However, customers of United, Nib international bank and Lion international bank were satisfied by only three service quality dimensions (tangibility, responsiveness and Assurance).

Research on Assessment of Service Quality And Customer Satisfaction The Case of Commercial Nominees plc conducted by Yeshitila Tefera and the finding indicated that The correlation analysis of service quality dimensions (tangibility, reliability, responsiveness, assurance and empathy) show, they all are positively correlated to the overall services quality. But, CN outsourced overall services quality has positive and strong relationship with empathy, reliability and responsiveness while a moderate and positive relationship with assurance and tangibility services quality dimensions.

Assessment Of Service Quality And Customer Satisfaction in CBE also conducted by Tesfa Bisrat and the finding shows that impacts of “Tangibility”, “Responsiveness”, “Assurance”, “Empathy” and “Reliability” on customers’ satisfaction with the bank are .223, .207, .179, .178 and .155 respectively, in their descending order indicating that Tangibility has the highest impact on customer satisfaction.

Tewabe Befekadu conducted research on the effects of quality service on customer satisfaction: the case study of Ethiopian postal service enterprise, express mail service department and the finding shows that Ethiopian postal service enterprise can improve its express mail service

quality and customer satisfaction by improving service quality of all dimensions and by giving special attention to some dimensions like responsiveness, reliability and assurance.

But no research was conducted in effect of service quality on Bank Image in the case of bank of Abyssinia. Therefore these study is intended to examine the effect of service quality on Bank Image in the case of bank of Abyssinia.

## **1.2. STATEMENT OF THE PROBLEM**

Theoretically Customer satisfaction, corporate image and service quality are considered as a crucial aspect in business, for the development of a company highly depends on how good they maintain their customer through service. Indeed good service quality is expected to result in customer satisfaction, and good corporate image therefore will increase customer's retention and loyalty.

Service quality is defined as a comparison of customer expectations with service performance. Good service quality leads into customer satisfaction and, good corporate image therefore, makes the firms more competitive in the market. High service quality can be achieved by identifying problems in service and defining measures for service performances and outcomes as well as level of customer satisfaction. Moreover, service quality can be defined by examining the differences between expected service and perceived service. According to Agyapong (2011) he stated that there is a positive relationship between service quality and customer satisfaction.

Financial service companies are business based on customer trust, service quality and the image of the corporate issue is one of important factors determining the success of this business. According to Belas and Gabcova (2014), company's profit and growth are both primarily stimulated by customer loyalty which is directly formed by their satisfaction. Therefore, customer satisfaction is the company's top priority for long-term relationships with customers. In the context of private banking where contact with customers is one of the most core business processes, customer satisfaction become the key to success. Additional work by Rahmani-Nejad et al. (2019) found that service quality is an important factor to both satisfaction and trust in private banks.

Ethiopian banks do not take care of their customers. That is why they make use of outdated and old technologies that cannot satisfy and meet customers' need, making them to change banks.

Levesque and McDougall (2019) verified the belief that constant poor experiences of customers in banks caused by low quality service result in low customers' satisfaction and poor corporate image unwillingness to refer others to the banks. This is the case of the private banks in Ethiopia.

Also the corporate image is formed in the minds of consumers through procedures where Information is processed and arranged according to meaning based on stored categories. The Image is labeled as the general impression made in the minds of consumers. This is related to tradition, ideology, business name, reputation, various services, and impression of quality Communicated by everyone who interacts? The company's image is considered a mental picture of an organization Gronroos (1999) claimed that the image is very important for service companies and is largely determined by customer ratings of services received. . Gronroos (1999) argued that corporate image is made primarily by practical quality, that is what customers get from service Practice, and functional quality, how to serve.

The aim of this study was to examine the effect of service quality on creation of bank image in order to assess whether these dimensions would had the intended strengthening effect on customer's loyalty in Bank of Abyssinia in different branches around Addis Ababa, Ethiopia.

Several researches are conducted on effect service quality on different variable. But no research is conducted on effect of service quality on Bank Image. The researcher motivated to conduct these study due to several customers of the bank are complaining service delivered by the bank and some banks have good image by their customers and other banks have bad image by their customers, therefore the researcher want to investigate how much quality service help bank to build image by their customers. The researcher selected bank of Abyssinia for employees are cooperative to fill questionnaires' and the bank is better access by the researcher.

### **1.3. Research Questions**

2. What is the effect of service tangibility on image in case of BOA?
3. What is the effect of service reliability on image in case of BOA
4. What is the effect of service responsiveness on image in case of BOA?
5. What is the effect of service assurance on image in case of BOA?
6. What is the effect of service empathy on image in case of BOA?

## **1.4. General objectives**

The general objective of the study is to assess the impact of service quality on customer satisfaction and bank image on bank of Abyssinia.

### **Specific objectives**

1. To examine the effect of service tangibility on image in case of BOA
2. To examine the effect of service reliability on image in case of BOA.
3. To examine the effect of service responsiveness on image in case of BOA.
4. To examine the effect of service assurance on image in case of BOA.
5. To examine the effect of service empathy on image in case of BOA

## **1.5. Hypothesis of the study**

In light of the objectives expressed above, the following hypotheses are investigated:

Ho1: Tangibility of service dimension of the bank has positive and significant effect on its image.

Ho2: Reliability of service dimension of the bank has positive and significant effect on its image

Ho3: Responsiveness of service dimension of the bank has positive and significant effect on its image

Ho4: Assurance service of dimension of the bank has positive and significant effect on its image

Ho5: Empathy service of dimension of the bank has positive and significant effect on its image.

## **1.6. Significance of the Study**

This study may be useful for the following bodies

1. Bank of Abyssinia
  - The findings of this study would have a significant role for BOA, shareholders and owners:
  - To review the status of service delivery process and its quality.

- To identify the major gaps regarding service quality of the bank
2. Business Partner
    - For any group of people who are interested in business with the bank like: investors, to get good insight about the bank.
  3. Academic Purpose
    - For university students, marketers, researchers, scholars and business planners for further reference and future studies regarding to what to extent affect the influence of service quality on customer satisfaction and bank image

### **1.7. Scope of the Study**

Due to time and cost limitation the study has limited to investigate influence of service quality on Bank Image in the case of bank of Abyssinia.

The bank has distributes its branches to all over the country in Ethiopia. However; this study has limited to focus on Addis Ababa city and selected four branches.

### **1.8. Definition of Basic Terms**

**Service:** - 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 (Lovelock and wright, 2000).

**Quality:** Quality is the extent to which the customers or users believe the product or service surpasses their needs and expectations (Gitlowet al, 2002).

**Service quality** - is the global evaluation or attitude of overall excellence of service. Therefore service quality is how well a delivered service level matches customer's expectation. (Parasuraman et al. 2000,2012) as sited on Sang-Lin Han, (Bitneret al 2019) define service quality as "the consumers' overall impression of the relative inferiority/superiority of the organization and its services." As sited on Sang-Lin Han.

**Customer perception:** - is the actual level of service the customers received. Perceived service quality is a component of customer satisfaction.

**Customer satisfaction-** the consumer's response to the evaluation of the perceived discrepancy between prior expectation and the actual performance of the product or service as perceived after its consumption. (Tse & Wilton, 2000). And also it is a person's feeling of pleasure or disappointment resulting from comparing a product's performance (outcome) in relation to his or her expectation (Kotler& Keller, 2006).

**Reliability:** - it's the ability to perform the promised service dependably and accurately (Parasuraman et al. 2000, 2001).

**Responsiveness:** - it's the willingness to help customers and provide prompt service (Parasuraman et al. 2000, 2001).

**Assurance:** - it's employee's knowledge and courtesy and their ability to inspire trust and confidence (Parasuraman et al. 2000, 2001).

**Empathy:** - it's being caring, individualized attention given to customers (Parasuraman et al. 1999, 2000).

**Tangibility:** - Appearance of physical facilities, equipment, personnel and written materials (Parasuraman et al. 2000, 2001).

### **1.9. Organization of the Research**

The paper is organized into five chapters. The first chapter is presents the background of the study, statement of the problem, research question and objective followed by second chapter in which the most relevant literatures was dictated followed by research methodology in the third chapter. The data presentation, analysis and interpretation was presented in in fourth chapter. Finally summary of findings, conclusion and recommendations are presented in fifth chapter of the paper.

## CHAPTER TWO

### 2. REVIEW OF RELATED LITERATURE

#### 2.1. Theoretical Review

##### 2.1.1 Basic Concepts and Definition

The purpose of theoretical review associated with the research question is to understand the theoretical domain. The reason for discussing the theories is not to produce a comprehensive survey of their richness but rather to provide a framework within which to facilitate the collection of empirical evidence, conduct the analysis and, finally, achieve solutions to the research questions (Guan, 2010). Different scholars published a variety of literatures about the theoretical aspect of the influence of service quality in customer satisfaction and corporate image.

High quality of service has become a strong competitive advantage in the present-day customer-centric market, especially for companies, the business of which involves solely the provision of services. Services are activities that organizations perform for their customers, and they possess such characteristics as intangibility, inseparability, heterogeneity, and perishability (Huang, Lee, and Chen, 2019). It means that services are nonmaterial and unique; they cannot be stored for future sales, and their provision cannot be separated from their consumption. The quality of service is inseparably connected with customers' experiences received from the service (Prakash, 2019).

Researchers often define service quality as the consumers' evaluation of the services they obtain (Liu, Lee, and Hung, 2016). Another widely used definition of service quality characterizes this concept as "the gap between customers' expected and perceived quality of service" (Huang, Lee, and Chen, 2019, p. 1451). It implies that customers always have certain expectations regarding the services that they are going to receive, and they compare their experiences after being provided services to those prior expectations (Parasuraman, 1990) . According to this definition, service quality is high when it exceeds clients' expectations and low if it fails to meet them.



Service quality comprises three dimensions, each of which affects the overall clients' perception of the service. They include the "what," which is referred to as physical or technical quality, the "how" or service environment of functional quality, and the image of service in the minds of customers (Prakash, 2019). Thus, customers form their judgments of the provided service based on what tangible benefits they receive as a result of the service, and how the service is delivered to them.

Tangibles are equipment, staff, the appearance of facilities, and information materials (Bhatt and Bhanawat, 2016). Reliability means that the company is able to provide services reliably and exactly as it promised (Bhatt and Bhanawat, 2016). Responsiveness refers to the readiness to help customers; assurance is the knowledge, trustworthiness, and politeness of the staff, and empathy means paying individual attention to customers (Bhatt and Bhanawat, 2016). Generally, 22 items are allocated among these five dimensions, thus forming the SERVQUAL scale used for conducting customer surveys and computing gap scores (Prakash, 2019). The obtained results are then analyzed to determine service quality.

### **2.1.1. Service Quality**

Traditionally, service quality has been conceptualized as the difference between Customer expectations regarding a service to be received and perceptions of the service being received (Grönroos, 2001; Parasuraman, Zeithaml, & Berry, 1988). In some earlier studies, service quality has been referred to as the extent to which a service meets customers' needs or expectations (Lewis & Mitchell, 1990; Dotchin & Oakland, 1994). It is also conceptualized as the consumer's overall Impression of the relative inferiority or superiority of the services (Zeithaml, Berry, & Parasuraman, 1990).

### **2.1.2. Quality Dimensions**

Parasuraman et al. (1988) identified five dimensions of service quality (viz. reliability, responsiveness, assurance, empathy, and tangibles) that link specific service characteristics to consumers' expectations.

#### **A. Tangibles**

In service organization, customers often rely on tangible evidence that surrounds the service to form their own evaluation of the service. Tangibles is defined as the physical appearance of

facilities, equipment, and staff and written materials. Tangibles are used to convey images and to signal quality (Srinivasan, 2012).

Parasuraman et al., 1985 pp 41-42 identify tangibles as physical facilities (equipment, personnel, and communications materials). It is the physical image of the service that customers will use to assess quality. Tangibles are associated with the physical facilities, tools, and machines used in order to provide the service, as well as representations of the services, such as statements, cards (debit and credit), speed, and efficiency of transactions. Several privileges are included in tangibles such as; external appearance, counters in the bank, overdraft facilities, opening hours, and speed and efficiency of transactions. Parasuraman et al. 1985 stated that tangibles have the same importance as empathy. The authors argued that it is advisable to consider including opening hours of operations under the empathy dimension; furthermore, the reliability dimension may include overdraft privileges. Sharmin et al., 1981 consider tangibles as a distinct element, showing consistency across cultures.

### **B. Empathy**

Empathy means taking care of the customers by giving attention at individual level to them (Blery et al., 2009). It involves giving ears to their problems and effectively addressing their concerns and demands. Thus, it is the dimension of a business relationship that enables two parties to see a situation from the other's perspective.

Customers need to feel that they are made priority by the organization providing services. Empathy means caring, paying personal attention, and providing services to customers. The core of empathy is conveying the feeling that the customer is unique and special. Parasuraman et al. stated that quantitative studies that have identified service quality model dimensions have used security, credibility, and access to measure empathy.

### **C. Assurance**

Assurance is the degree of trust and confident of customers to feel that the services providers are competent to provide the services (Siddiqi, 2011). Assurance is developed by the level of knowledge and courtesy; displayed by the employees in rendering the services and their ability to instill trust and confidence in customer (Blery et al., 2009).

Assurance has been defined as employees' courtesy and knowledge, and their capacity to transfer confidence and trust to customers. The opinions of researchers on the ranking of assurance among service quality dimensions is varied. Assurance is ranked first according to Gronroos et

al, 1988 while the author of ranked it in fourth place. Assurance means keeping customers informed in their native language and listening to them, regardless of their educational level, age, and nationality. Parasuraman et al., 1985, 49, 41–50 states that assurance indicates the attitudes of the employees and their behavior, and the staff's ability to provide friendly, confidential, courteous, and competent services.

#### **D. Reliability**

Reliability means the ability of a service provider to provide the committed services truthfully and consistently (Blery et al., 2009). Customers want trustable services on which they can rely. Reliability is the extent to which the service is delivered to the standards expected and promised (Siddiqi, 2011).

Reliability is the likelihood that a product will not fail within a specific time period. This is a key element for users who need the product to work without fail. This dimension reflects the probability of a product malfunctioning or failing within a specified time period. Among the most common measures of reliability are the mean time to first failure, the mean time between failures, and the failure rate per unit time. Because these measures require a product to be in use for a specified period, they are more relevant to durable goods than to products and services that are consumed instantly (David A., 2018)

Reliability normally becomes more important to consumers as downtime and maintenance become more expensive. Farmers, for example, are especially sensitive to downtime during the short harvest season. Reliable equipment can mean the difference between a good year and spoiled crops. But consumers on other markets are more attuned than ever to product reliability too. Computers and copying machines certainly compare on this basis (C. Roland, 2018)

Reliability is a major contributor to brand or company image, and is considered a fundamental dimension of quality by most end-users. For example, recent market research shows that, especially for women, reliability has become an automobile's most desired attribute (C. Roland, 2018)

#### **E. Responsiveness**

Responsiveness dimension is concerned in dealing with the customer's requests, questions, and complaints promptly and attentively (Siddiqi, 2011). Responsiveness defined as the willingness

or readiness of employees to provide service. It involves timeliness of services (Parasuraman et al., 1985).

After a comprehensive review of service quality studies, Asubonteng, Mc Cleary, and Swan(1996) concluded that the number of service quality dimensions varies in different industries. For example, Kettinger and Lee (1994) identified four dimensions in a study of information systems (IS) quality which did not have tangible dimension. Cronin and Taylor(1992) developed a one-factor measurement instrument instead of the five-factor measures proposed by Parasuraman et al. (1988). Besides SERVQUAL, Sureshchandar Rajendran, and Anantharaman(2003) have identified five factors of service quality from the customers' perspective. Those are: a) Core service or service product, b) Human element of service delivery c) Systematization of service delivery: non- human element, d)Tangibles of service, and e) Social responsibility After a close inspection it could be safely concluded that the newly defined construct of service quality by Sureshchandar et al. (2003) has some resemblance with the definition provided by Parasuraman et al. (1988). for this study the researchers have employed the five dimensions of service quality proposed by Parasuramanetal. (1988).

Despite the intangible nature of services, researchers have developed various models to assess service quality. One of the widely used instruments for evaluating service quality is the SERVQUAL model created by Parasuraman and his colleagues. This framework estimates the gap between consumers' expectations and the perception of services (Bhatt and Bhanawat, 2016). If the gap is large, it is evidence of poor service quality (Bhatt and Bhanawat, 2016). The model uses five dimensions that constitute service quality: "tangibles, reliability, assurance, responsiveness and empathy" (Bhatt and Bhanawat, 2016, p. 267).

### **2.1.3. SERVQUAL Model**

The SERVQUAL model is proved to best advisable instrument to measure customer service and perceived satisfaction. In addition to this SERVQUAL model is very important instrument for managers to identify the gaps in their service, Seth, et al. (2005). Based on the gap model, Parasuraman et al., (1985) suggested, identified ten dimensions for measuring the service quality like reliability, responsiveness, competence, access, courtesy, communication, credibility, security, understanding and tangibles. But in 1988 they modified the model and brings it to five dimension, reliability, responsiveness, assurance (communication, competence, credibility,

courtesy, and security).whereas tangibility and empathy contains access and understanding). 2.3 Conceptual Framework for the Study A conceptual framework is a set of broad ideas and principles taken from relevant fields of enquiry and used to structure a subsequent presentation (Kombo and Tromp, 2009 The SERVPERF model is made up of five variables: tangibility, responsiveness, reliability, assurance, empathy and the newly developed service quality dimensions such as security and network quality. These variables are directly related to customer satisfaction.

The SERVQUAL model is used in a variety of industries concerned with the delivery of services. Scholars have applied it to such business fields as hospitals, banking, hospitality, and fast food industries, internet retailing, higher education, and department stores (Bhatt and Bhanawat, 2016). Although some researchers note the overlap among such dimensions as empathy, responsiveness, and assurance, the model has been proved to be valid and has become a popular tool among practitioners and academics (Bhatt and Bhanawat, 2016). The SERVQUAL model also connects service quality with customer satisfaction.

## **2.2. Relationship between Service Quality and Bank Image.**

The literature suggests that service quality and Bank Image are strongly interrelated. Service quality is one of the factors that affect service image, along with price and personal recognition (Liu, Lee, and Hung, 2016). However, service quality is more significant than price since poor quality has been proved to scare away customers more frequently than high prices (Basari and Shamsudin, 2020). Generally, service quality is considered a precursor of customer satisfaction (Liu, Lee, and Hung, 2016). It implies that at first, a company delivers the service of some quality, and after that, the consumer assesses the perceived value of the service. It leads to either good image if the service meets customer expectations or bad image if it fails to do it.

Multiple studies have confirmed the positive relationship between service quality and corporate image. The study by Liu, Lee, and Hung (2016) was designed to explore whether the impact of service quality on customer loyalty by means of good image was significant. They conducted a survey featuring 197 respondents to test their hypotheses. The survey was related to the fast-food industry in Taiwan. The findings demonstrated that service quality had a large positive impact on corporate image, which, in its turn, had a considerable positive effect on customer loyalty (Liu,

Lee, and Hung, 2016). The practical implication of this study is that companies should improve service quality to outpace customer expectations, thus enhancing corporate image.

Another study focused on determining the relationship between service quality and customer satisfaction in the B2B segment. Huang, Lee, and Chen (2019) applied the SERVQUAL model to estimate service quality in the technology service industry in Taiwan. The research findings were consistent with those of the previous study. Researchers found out that all five constituents of service quality positively influenced customer satisfaction (Huang, Lee, and Chen, 2019). The results also showed that brand recognition strengthened the impact of service quality on customer satisfaction (Huang, Lee, and Chen, 2019). Thus, this study confirms that the higher the quality of service is, the more satisfied the clients are.

One more research was conducted using the SERVQUAL model to evaluate customer satisfaction. Bhatt and Bhanawat (2016) aimed at assessing the customer satisfaction level in retail units in Udaipur, India. The researchers conducted a questionnaire, the results of which showed which of the selected hypermarkets satisfied customers and which of them caused dissatisfaction. The implication of this study is that it confirms that the SERVQUAL model is appropriate and convenient for evaluating customer satisfaction

Over the past few years there has been a heightened emphasis on service quality and customer satisfaction in business and academia alike. Sureshchandar et al, (2003) identified that strong relationships exist between service quality and customer satisfaction while emphasizing that these two are conceptually distinct constructs from the customers' point of view. Spreng and Mackoy (1996) also showed that service quality leads to customer satisfaction while working on the model developed by Oliver (1997). In a recent study conducted by Ribbink et.al (2004) revealed that this relationship also exists in the e-commerce industry Relation to perceptions of quality, consumers perceive the image, by way of linking quality with brand names. The quality of the brand in question is a form of quality assurance, reliability, responsiveness, empathy, and tangibility (Parasuraman et al, 1991).

### **2.3. Bank Image**

Corporate image is defined as “the immediate mental picture an individual holds of the organisation” (Foroudi *et al.*, 2014, p. 2271) which is formed based on a customer's overall

consumption experiences (Aydin and Özer, 2005). In another words, corporate image refers to customers' perception of the organization image. According to Virvilaite and Daubaraitė (2011), corporate image is a form of competitive advantage which is hard for competitors to imitate as it can only be developed over a long period of time. Therefore, maintaining a positive corporate image is critical because it significantly impacts customer repurchase decisions and willingness to provide word of mouth (Andreassen and Lindestad, 1998).

In the context of service marketing and entertainment, corporate image was found to have a significant positive influence on behavioral intention in Taiwan's quick service restaurant industry (Wu, 2013), gaming industry (Wu, 2014) and theme park industry (Wu *et al.*, 2018). For example, Wu *et al.* (2015) discovered that corporate image greatly affects revisit intention in the context of the hot spring industry. Quintal and Polczynski (2010) described revisit intention as customers' judgment about the likelihood of revisiting the same destination. In the long run, such behavioral intention will contribute to the business profitability (Jani and Han, 2014). On the other hand, when the corporate image is favorable, customers are more likely to spread a positive word of mouth. Word of mouth refers to "informal, person-to-person communication between a perceived non-commercial communicator and a receiver regarding a brand, product, organization, or service" (Harrison-Walker, 2001, p. 70). In a study investigating a company's green image, Wang *et al.* (2018) found out that corporate image affects consumers' word of mouth about green hotels.

Corporate image is viewed as an intervening variable that acts as a mediator between service quality and behavioral intentions including loyalty, revisit intention and word of mouth. For example, Lai *et al.* (2009) found that higher quality of service significantly increases corporate image, which in turn increases behavioral intentions. Consistent with past studies, corporate image should have a significant positive influence on revisit intention and word of mouth in the context of the KTV industry. Considering all of this evidence, behavioral intention indicates a stated likelihood to return to the place, to provide favorable comments regarding the place and to recommend the place to others in the future (Andreassen and Lindestad, 1998).

Image is a valuable intangible asset of the company. A positive image enables a company to gain a reputation value and competitive advantage. According to the American Marketing Association in Kotler and Keller (2009) explains that images are beliefs, ideas, and impressions that a person

has of an object. Therefore, the company's image is the customer's perception of the service received by the customer. The success of the company in shaping the image of society is influenced by several factors such as company history, the completeness of facilities and infrastructure, and success in providing services to customers. The image appears based on the knowledge and information received by someone against an object. If the information received is good, it will cause a positive image, but vice versa if the information received is bad, it will cause a negative image. To measure the company's image, Kotler and Keller (2013) identified several indicators that must be considered: 1. Having good performance and security services 2. Management cares about customers 3. The bank's logo, color, and slogan are easily recognizable

The image is a reflection of the identity of the company itself that varies in the minds of the people. A good image for a company will make the company continue to grow because consumers do not hesitate to buy products or use services from that company again. If the consumer's expectations between the good image match, the consumer will feel satisfied. The better the company's image, better customer satisfaction was. This is supported by the research conducted by Sumadi and Soliha (2015), Solechah and Soliha (2015) which shows that the bank's image has a positive effect on customer satisfaction, besides the research of Sulistiyanto and Soliha (2015), Handayani and Soliha (2015) and Santosa and Soliha (2017) also show that company image has a positive effect on customer satisfaction. Thus, H2: Bank image has a positive effect on customer satisfaction

But other literature review indicates that the bank image has an indirect influence, but rather mediated by satisfaction (Bloemer and Reuter, 1997), while others indicate that there is significant influence between image and loyalty (Andreassen and Lindestat, 1998), and several other studies replicate these findings using the service as an objects of studies to explain the relationship between image and customer satisfaction (Abdullah et al., 2000; Bigne et al., 2001; Zins, 2001; Park et al., 2004). Based on the mixed views on the relationship between image and customer satisfaction, then in the context of banking, image of the bank is expected to have a positive relationship with customer satisfaction towards the bank. The proposed phenomenon is the higher perception of the image of the customer against the Bank acting, the higher loyalty to the bank.



## 2.4. Empirical Review

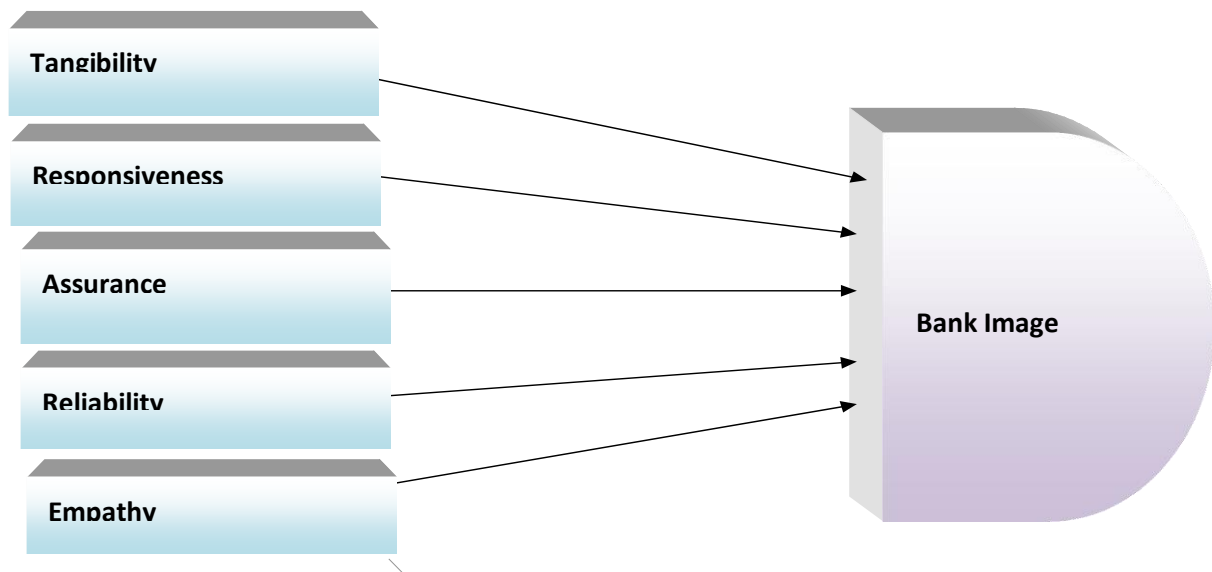
There are many research works done related with this study. However the researcher tries to see three of them which are more related to the topic. The titles with their objectives and major findings are discussed below to have an insight about these studies. The first work is MBA thesis done by (Aman, 2008) with title of “Effects of service delivery process and service quality on corporate image: a case study of EEPSCO, North Western region, Bahir Dar town customer service centers”. The main purpose of the study is to examine the effect of service delivery process and service quality on the corporates image of EEPSCO with the following specific objectives: To examine the effect of service delivery process and service quality on corporate image and to understand real situation on how EEPSCO handle its situation. 22

- On the relationship between corporate image and service quality. Research was conducted in a bank in Tehran, Iran by Osman Mahamad, et.al (2010) revealed that service quality would be one of the determinants of corporate image. The finding that nearly 43 percent of corporate image changes is explained by service quality.
- On the relationship between Bank Service Quality, Corporate image in Ethiopian Banking Sector, Messay (2012) concluded that all service quality dimensions are positively correlated with bank image indicating 90.7% of the variance in customer satisfaction can be predicted by the service quality offered by the private banks. In addition, results of this research show that there is a positive significant relationship between bank image and loyalty, and explain 62% of the variance.
- On the relationship between Service quality, Satisfaction, perceived value among customers in commercial banking in Nakuru Municipality, Kenya, Daniel O. Auka (2012) concluded that service quality and bank image were positively and significantly associated indicating 19.8% of the variance in customer satisfaction can be predicted by the service quality offered by the banks.

Most researches are conducted in service quality on bank image, loyalty, and profitability. But no research is conducted in effect of service quality on Bank image on the case of bank of abbyssinna.

## 2.5. Conceptual Framework for the Study

A conceptual framework is a set of broad ideas and principles taken from relevant fields of enquiry and used to structure a subsequent presentation (Kombo and Tromp, 2009). The SERVPERF model is made up of five variables: tangibility, responsiveness, reliability, assurance, empathy and the newly developed service quality dimensions such as security and network quality. These variables are directly related to corporate image.



Source: own Constructed

Figure 2.1 conceptual framework

## **CHAPTER THREE**

### **3. Research Methodologies**

#### **3.1. Description of the Study Area**

This study was focused on the impact of service quality on bank image. In this study Service Quality and bank image of the company was reviewed. The researcher was used Addis Ababa as the target area for the study. In addition to this, others research conducted on the area of this study was used to triangulate the researcher's findings. To investigate the problem the Customers of selected branch are requested to fill the questioner.

#### **3.2. Research Design**

In this study, Descriptive and explanatory research design was applied. Descriptive research studies are those studies which are concerned with describing the characteristics of a particular individual, or a group whereas; explanatory (casual research) design is concerned with analyzing the casual relationship between variables (Kothari, 2004). The researcher wants to use descriptive research design because she wants to describe the situation under the study. Because this research is fact finding study with accurate interpretation of findings. Also the researcher was using explanatory research design it was more appropriate because the study seeks to identify any causal and effect relationship between variables related to the Service quality in the case of Bank of Abyssinia.

#### **3.3. Research Approach**

Crews well, (2009), stated that qualitative research is a type of testing a research fundamentally done based on qualitative data such as text data from interview transcript whereas quantitative research is implied through quantitative data which can be quantified in number through statistical analysis.

According to Crewsell, (2009), mixed methods of research can be involved by using both types of data so that it is possible to strength the study than either qualitative or quantitative research. . Therefore, the researcher will use Descriptive research approach and this study will use closed ended questionnaires to collect data from respondents.

### **3.4. Population size**

Customers are targeted because they are the main characters of the organization. The bank has 10 districts, 825 branches and 9.3 million customers all over the country. Out of the total districts three of them are found in Addis Ababa and the remaining seven districts are found in other locations. Within three districts in Addis Ababa the bank has 355 branches and 5.7 million customers. Due to time and cost the researcher selected four branches which are found in Addis Ababa namely Semen Mezgaja Branch, Bole Corporate Branch, Negadras Branch and Arada Branch with number of customers 18,540, 64,788, 40,175 and 43,587 respectively (BOA MIS As of June 30 2023). Therefore target population of this study was four branches of BOA customers.

#### **3.4.1. Sample Size and Sampling Technique.**

##### **3.4.1.1. Sampling Size**

Data gathering from the entire population is very difficult. It is time consuming and expensive. Therefore, small units of respondents are selected to represent the whole unit of the targeted population (Graziano and Raulin, 1997).

Throughout the country BOA has 825 branches and serves over 9.3 million customers with ten districts. Due to time and cost limitations the researcher selected four branches that are found in Addis Ababa with a total number of customers 167,090.

There are several ways in which potential participants can be selected for inclusion in a research study, and the manner in which participants were selected is determined by several factors, including the research question being investigated, the research design being used, and the availability of appropriate numbers and types of study participants Geoffrey M., David D. and David F., (2005). It is typically not practical to include every member of the population of interest in a research study. Time, money, and resources are three limiting factors that make this unlikely. Therefore, most researchers are forced to study a representative subset a sample of the population of interest.

Israel (2003) as cited in Hussein (2012) summarized that there are four strategies to decide sample size including census for small populations, imitating a sample size of similar studies, applying formulas to calculate a sample size, and using published tables. The first strategy 'census' is appropriate for the population of 200 or less. It allows collecting data from all subjects, thus eliminating sampling error that will occur because only a part of the population is directly contacted. This strategy, however, is impossible when conducting research on a larger

population and when cost is a factor. Secondly, imitating a sample size of similar studies will save time for the research. However, the major drawback is the risk of repeating errors that are made in determining the sample size for another study; however, if the procedure are convincing, they were included. Thirdly, applying the calculation methods for determining a sample size allow the researcher to achieve the necessary sample size for a different combination of levels of precision, confidence, and variability of a particular study. Fourthly, using published tables will save time for the researcher because calculating a number of sample sizes for different given set of criteria will make available. Coming to the appropriate number of participants, identifying a sufficient sample size is important. Larger sample sizes are desirable as they are more representative of the population and inversely proportional to sampling error. According to Yamane (1967 cited in Israel 2003) cited in Hussein, (2012), there are three criteria usually need to be specified to determine appropriate sample size ; level of precision, level of confidence, and degree of variability. So that given these three criteria, the sample size had been determined based on the following simplified formula:

$$n = \frac{N}{1 + N(e)^2}$$

Where, n is sample size, N is the population size and e is the level of precision. A 95% confidence level and e = 0.05, will assume for the purpose of determining sample size for this study. Accordingly, the sample size for the study is calculated as follows.

$$n = \frac{167,090}{1 + 167,090(0.05)^2}$$

$$n = 399$$

Therefore, the researcher is selected 399 respondents from four branches of the bank and will distributed one self-administered questionnaires for each respondent. The number of customers who will include in the survey from each branch is determined by using proportional quota sampling based on the number of customers they have. The number of customers from each branch was explained in the following table. Hence the samples selected from four branches of BOA the proportionate customers was selected by using the following formula:

$$n_i = \frac{n \cdot N_i}{N}$$

Where,  $n_i$  is quota of branch  $i$ ,  $n$  is total sample size selected,  $N_i$  is population of the  $i$  branch and  $N$  is total population of the four branches.

Table 3.1: proportionate sample size from each branch

S.N	Branch Name	Number of customers	proportion of total population	Number of customers for each branch
1	Semen Mezegaja	18,540	11.1	44
2	Bole Corporate	64,788	38.8	155
3	Negadras	40,175	24	96
4	Arada	43,587	26.1	104
	<b>TOTAL</b>	<b>167,090</b>	<b>100</b>	<b>399</b>

### 3.4.1.2. Sampling Technique

Sampling provide a range of methods that enable one to reduce the amount of data needed for a study by considering only data from a sub-group rather than all possible elements. there exist two types of sampling: probability, where the chances of each case being selected from the population is known and is usually equal for all cases, and non-probability - sampling where the chances of each case selected from the total population is not known, making it impossible to answer research questions (Saunders et al., 2009 ).

Probability sampling was used to get sample, so the possibility of dawning sample with equal chance from the population possible.

Probability random sampling, which is convenience sampling technique, was used. Data was collected by visiting conveniently selected from bank of Abyssinia Four Branch i.e. Semen Mezgaja Branch, Bole Branch, Negadras Branch and Arada Branch and who are willing to participate in this study, during business hours and approach customers conveniently and pleading complete the questionnaires

### **3.5. Sources and Data Types**

The data for this study was collected both from primary and secondary sources.

#### **3.5.1. Primary Data**

The primary data is the first-hand-data information that has not been published this data was collected from sample respondents on effect of service quality dimensions such as, tangibility, reliability, assurance, responsiveness, empathy, bank image on customer satisfaction.

The researcher will gather the primary data from Customers of a bank of Abyssinia in semen Mezgaja Branch, Bole Branch, Negadras Branch and Arada Branch through a standardized questionnaire of service quality dimensions using SERVPERF model, and branding questions which develop based on a Likert scale of five points from strongly agree to strongly disagree.

#### **3.5.2. Secondary Sources**

Secondary data is the information that has been collected earlier by somebody and some other purposes.

This type of data includes both raw data (with a little or no processing) and compiled data (processed and/or summarized information). The researcher will gather secondary data from literature, articles, the banks marketing report, and website etc.

### **3.6. Methods of Data Collection**

The data collection method was done by using self-administered questionnaire to be filled by the bank's customers

#### **3.7. Data analysis**

The data that was obtained from the questionnaires were analyzed and interpreted using statistical package for social science (SPSS) version 20. The study applied Regression analysis in order to identify the effect of service quality on bank image also used Mean distribution for overall image of the bank.

### **3.8. Validity and Reliability of Instruments**

#### **3.8.1. Validity**

Hair et al. (2007) as cited in Siddiqi (2010) defined the validity as “the degree to which a measure accurately represents what it is supposed to”. Validity is concerned with how well the concept is defined by the measure(s). He also mentioned about three types of validity: content

validity, Predictive validity, and Construct validity. Duggirala et al. (2008) as cited in Siddiqi (2010) defined the content validity as the assessment of the correspondence between the individual items and concept. The study addresses content validity through the review of literature and adapting instruments used in previous research which is SERVQUAL questionnaire repeatedly refined and corrected in different field works.

### 3.8.2. Reliability

Extents to which a variable or set of variables is consistent in what it is intended to measure Hair et al., (2007). It differs from validity in that it relates not to what should be measured, but instead to how it is measured. Several measures have been used to establish the reliability of the instrument, for example, split-halves, test-retest, equivalent forms and internal consistency method. The study used multiple items in all constructs except customer satisfaction. So the internal consistency method should be applied in the current study. Hair et al. (2007) mentioned that the rationale for internal consistency is that the individual items or indicators of the scale should all be measuring the same construct and thus be highly inter-correlated. Fujun et al. (2007) pointed out Siddiqi, (2010) that the Cronbach alpha with acceptable cut off point 0.70 demonstrates that all attributes are internally consistent.

In addition to respondents' rate, reliability test has to be undertaken to measure repeatability (Bryman and Bell, 2007) and accuracy. Reliability test is essential to measure internal consistency of scale i.e. the extent to which respondents rate the items in a similar pattern. Cronbach's More than one hour alpha coefficient is important measurement of reliability which is discussed below in relation to this study.

Table 4.5. Cronbach's Alpha (Reliability analysis)

<i>Dimensions</i>	<i>Cronbach's Alpha value</i>	<i>Number of items</i>	<i>Comments</i>
Tangibility	.841	6	Accepted
Reliability	.852	6	Accepted
Responsiveness	.827	6	Accepted
Assurance	.834	5	Accepted
Empathy	.803	5	Accepted
Overall scale reliability	.832	28	Accepted

*Source: survey result (2023)*



Cronbach Alpha coefficient can be between 0 and 1. As a number approach to 1 the internal consistency of the items get stronger implying that all items measure the same variable. Further supporting this statement, Fujun et al. (2007) pointed out Siddiqi, (2010) that the Cronbach alpha with acceptable cut off point 0.70 demonstrates that all attributes are internally consistent. Accordingly, the overall reliability of the scale is acceptable as its coefficient (0.832) is greater than 0.7. Moreover, the scale consistency of each dimensions are also acceptable for the reliability coefficient of tangibility, reliability, responsiveness, assurance and empathy are of value 0.841, 0.852, 0.827, 0.834 and 0.803 respectively which are more than 0.7 and closer to 1. Therefore, it is logical to conclude that reliability of the scales are acceptable as indicated in the table 3.

### **3.8.3. Ethical considerations**

All the information was treated and kept secretly with high confidentiality without disclosure of the respondents' identity. No information is changed or modified, hence the information is presented as collected and the same with the literatures collected for the purpose of this study. The questionnaire was anonymous and high level of confidentiality is considered. The information gathered through questionnaire is used solely for this research whose objective is one of fulfilling requirement of my MBA study.

## Chapter Four

### Data presentation Analysis and interpretation

This chapter comprises data analysis, interpretation and discussion of the study. Its main purpose is to analysis and interpret survey finding by using different statistical tools. It consists of different reliability test in relation to service quality and corporate image and also analysis and interpretations of background of the respondents.

### Response Rate

The researcher prepared and distributed a total of 399 questioners to collect necessary data and information in the study area. 383 (96%) questioners returned which exhibits an acceptable respondent's rate to conduct the study.

#### 4.1. Demographic profile of Respondents

**Table 4.1. Respondents General Information**

Description	Category	Number of respondent (N=383)	Percentage
Sex	Male	210	54.8%
	Female	173	45.2%
	Total	383	100%
Age	30 and under years	65	16.9%
	31-39 years	152	39.7%
	40-49 years	122	31.9%
	50 and above years	44	11.5%
	Total	383	100%
Academic level	Diploma and below	285	74.4%
	Bachelor's degree	94	24.5%
	MSC/MA Degree	3	0.8%
	PhD	1	0.3%
	Total	383	100%

**Source: Survey result (2023)**

As the above table depicts, the male and female respondents varies in number. The male respondents accounts 210 (54.8%) and females account 173 (45.2%) of the total respondents who returned the questionnaires.

In addition to the gender demographic distribution of the respondents, it is possible to see their proportion in terms of as their age. From this table it is clear that the majority of the respondents are of the age ranging between 31 and 39 which account 152 (39.7%) of the total respondents. Respondents with the age between 40- 49 are 40(31.9%). The above table also shows that 66 respondents are within the age range of 30 and below constituting 16.9 % of the total population. Those who are between the age of 50 and above years are 44(11.5%).

With regard to educational level of respondents, Diploma and below holders represented 285 (74.5%) of the customers, and degree holders represented 94 (24.5%). Masters holders represented 3 (0.8%) of the customers; finally, 1 (0.3%) of the respondents were PHD Graduate. It can be said from the survey that, most of the banks customers were Diploma and below holders and the lowest respondents were PHD holders.

### Questions related to topic

**Table 4.2. Topic Related Questioner Analyses**

Description	Category	Number of respondent (n=383)	Percentage
For how long are you a customer of the bank year.	Below one year	89	23.2 %
	1-3 years	144	37.6%
	4-7 years	103	26.9%
	8 and above years	47	12.3%
	Total	383	100%
Type of account you belong to	Saving account	250	65.3%
	Current account	112	29.2%
	Fixed account	15	3.9%
	other	6	1.6%
	Total	383	100%
purpose have you come to bank today	To deposit money	195	50.9%
	To get mobile banking	19	5.0%
	To transfer or withdraw money.	159	41.5%

	To open new account	10	2.6%
	Total	383	100%
How long it took to get the above mentioned service.	Less than ten minutes	133	34.7%
	Ten to thirty minuet	206	53.8%
	Thirty-one minuets to one hour.	39	10.2%
	More than one hour.	5	1.3%
	Total	383	100%

As the above table depicts most of the respondent are become customer of the bank before one year but less than three years. The respondents who are below one year customer experience with the bank are 89 (23.2%) and 144 (37.6%) of the total respondents are between 1and 3 years are the bank service users. Respondent who has between 4 and 7 years banking experience with bank of Abyssinia are 103 (37.6%) and those who are become customers of the bank 8 years and before are 47 (12.3%)

In addition the above question the researcher asked about respondents which product they are using. According to the above table 250 (65.3%) are saving account holder, 112 (29.2%) respondent are current account users, among the respondent those who are users of fixed account are 15 (3.9%) and the remain 6 (1.6%) are other product users. As the above table shows most of the respondents are saving account holders.

The researcher also tried to investigate the respondent purpose have they come to bank on that day. According to the above table most of the respondent come to the bank on that date for depositing their money. The above table shows that 195 (50.9%) come to the bank to deposit, 19 (5%) to start mobile banking relate service, respondents who came to the bank on that date for transferring or withdrawing money are 159 (41.5%) and the remain 10 (2.6%) of respondents are came for the purpose of opening new account.

With regard to service delivery speed, respondent who get service less than ten minutes are 133 (34.7%), between ten and thirty minuet 206 (53.6%), respondents who wait between Thirty one minuets and one hour to get service are 39 (10.2%) and the remain 5 (1.3%) customers are waiting More than one hour to get service in the bank. Accordingly most of the respondent wait 10 and 30 minutes to get the above services.

## 4.2. Descriptive data analysis

**Table 4.3: Descriptive data analysis**

Variables	N	Mean	std. Deviation
Tangibility	383	4.2639	1.92422
Responsiveness	383	4.1334	1.32842
Reliability	383	4.1667	1.43678
Assurance	383	4.3222	1.26239
Empathy	383	4.0694	1.8089
Total	383	4.5	0.5145
<b>Dependent variable</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>
<b>Items</b>			
I have always had a good impression of this bank	383	3.5626	1.12422
I believe that this bank has a better image than its competitors	383	3.5789	1.03619
In my opinion, this bank has a good image in the minds of customers	383	3.4211	1.03619
I will choose the bank whenever I think of bank service	383	3.5658	1.06252
I am willing to be member of the bank frequent Use the service	383	3.5786	1.03621
I consider myself to be loyal patron for the bank	383	3.5526	1.13533

*Source: Survey result (2023)*

It is indicated earlier that image related questioner are analyzed using descriptive statics. The first variable is related to good impression for the bank. It can be seen from the table above that the mean score for good impression is 3.55 which is higher level of agreement compared

neutrality. Much higher mean score, which is 3.57, is recorded for bank has a better image than its competitors.

For the statement stating bank has a good image in the minds of customers a mean score of 3.4 is indicated from respondents. The mean score attributed to the choose the bank whenever I think of bank service is found to be 3.56. According to the above table for statement willing to be member of the bank frequent Use the service mean score shows that 3.57 and it is tend to agreement of the respondents. Finally the researcher tried to know the respondent are be loyal patron for the bank and the mean score is 3.55. It can be observed from this that, samples tended to agree more with more than “neutrality” level of agreement on their perception of image related questioner.

### 4.3. Inferential analysis

#### 4.3.1 Correlation Analysis

Correlation analysis is used to check the strength of the relationship among various variables. In this paper, the correlation of service quality dimensions, and the bank image will be analyzed. The value of correlation coefficient could take values between -1 and 1 which means the coefficient is ranging from being negatively correlated (-1) to uncorrelated (0) and to positively correlated (1). The Pearson correlation result  $r(\rho)$  indicates the magnitude of relationships in the following categorization (DANCEY& REIDY, 2004): the relationship is weak if the coefficient is between 0.10 and 0.3, moderate when it is between 0.40 and 0.6 and strong when it is between 0.70 and 1.00. When correlation analysis coefficient is equal to 1, Pearson result consider it as perfect correlation.

**Table 4.4: Correlation Analysis of Service Quality Dimensions and BOA Corporate image**

Correlations						
	Corporate Image	Tangibility	Reliability	Responsiveness	Assurance	Empathy
Corporate image	1					
Tangibility	.623	1				
Reliability	.641	.740	1			

Responsiveness	.373	.411	.520	1		
Assurance	.512	.469	.566	.213	1	
Empathy	.721	.620	.727	.486	.593	1

*Source own survey result 2023*

*Source: Survey result (2023).*

As the above table illustrates, there is a positive correlation between corporate image and all of the service quality dimensions tangibility, responsiveness, reliability, assurance, and empathy though the strength of the correlation varies amongst them.

However, while to differing degrees, every aspect of service quality is positively correlated with the image of the bank. Given this, the correlation coefficient values for empathy, reliability, and tangibility are 0.721, 0.641, and 0.623, respectively, indicating a strong and meaningful association with the bank's corporate image.

On the other hand, assurance and responsiveness exhibit a modest correlation coefficient, measuring 0.512 and 0.373, respectively, indicating a weak relationship with the corporate image of banks. The analytical conclusion implies that a greater level of BOA Image corresponds with higher service quality, as measured by service quality attributes such as tangibility, reliability, and empathy.

### 4.3.2 Regression

#### Assumption testes

##### Normality test

Normality test is one of the assumption testes to check the data is normally distributed. The normality test can be checked in terms of normally plot graph or skewness and kurtosis value. When data is normality distributed the skewness and kurtosis z-value should be between -1.96 and +1.96 (field, A 2013)

**Table 4.6 Normality Test**

	Empathy	Responsiveness	Assurance	Reliability
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Valid	383	383	383	383
Missing	0	0	0	0
Std Error	.258	.258	.258	.258
Kurtosis-	.519	.738	.663	.169
Std Error of skewness	.129 -.044	.129 -.703	.129 -.264	129 -.197

*Source own survey result 2023*

**Source. Own survey 2023**

The above table shows that each z-value of skewness and kurtosis are between the ranges therefore this implies that data is normally distributing.

**Multicollinearity test**

Multicollinearity diagnosis Test is an important assumption to analyze the relationship between predictors. It is a nonlinear regression analysis which is used to analyze relationships that do not have a straight line pattern. In multiple linear regression multicolliearty test provides information that whether there is strong relationship correlation of a number of predictors with other predictor

Therefore, if the variance inflation factor value is greater than 10, there will be serious multicollinearty problem whereas when tolerance value below 0.2 indicates serious multicollinearty problem,

**As a rule of thumb**

The coefficient of the tolerance value is greater than 0.2 (menard, 1995)

Variance inflation factor VIF value is less than 10 (Myers, 1990)



**Table 4.7 collinearity test**

Model	Collinearity statistics	
	Tolerance	VIF
Tangibility	0.729	1.356
Assurance	0.721	1.383
Empathy	0.951	1.051
Responsiveness	0.832	1.383
Reliability	0.560	1.812

*Source own survey result 2023*

**Source. Own survey 2023**

As the above table 4.7. shows, the tolerance values of all independent variables are above 0.1 and the VIF values are below 10 which the two values together confirm none existence of multi co-linearity problem in the regression analysis under consideration

According to the above table each predictor has tolerance value greater than 0.2 and the variance inflation factor value less than 10. Therefore, this implies that there is no serious multicollinearity problem between the independent variables.

**4.1.4. Multiple Regression Analysis**

One of the objectives of the study was to investigate the impact of service quality dimensions on bank corporate image provided in which case multiple regressions was conducted to see the impact of independent variable (empathy, reliability, tangibility, responsiveness and assurance) on dependent variable (corporate image).

**Table 4.10. Model Summary**

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.713 <sup>a</sup>	.508	.503	.343

*Source: Survey result (2023)*

- a. Predictors: (Constant), Empathy, Tangibility, Responsiveness, Assurance, Reliability)
- b. Dependent Variable: corporate image of the Bank

The other parameter worth discussion is R square which is computed in table 4.5. It enables to understand the degree to which the model explains the variance in the dependent variable (corporate image) in terms of independent variables (tangibility, reliability, responsiveness, assurance and empathy). R square table 4.5 shows, in aggregate the dependent variable (corporate image) is explained (impacted) by all independent variables (tangibility, reliability, responsiveness, assurance and empathy) by 50.3 percent which shows the model's fitness to explaining the variability in dependent variable. In small sample size, there is a possibility of over estimation of the model by R square value. To avoid over estimation of the model, it merits to check the normal R- square vis-a-vis to adjusted R square. In the case under consideration, the R square is not over estimated while evaluating the model's fitness for its gap from adjusted R square (50.3%) is not big.

**ANOVA<sup>a</sup>**

**Table 4.9. ANOVA**

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	42.514	5	10.739	90.477	.000 <sup>b</sup>
Residual	41.115	393	.117		
Total	83.629	398			

*Source: Survey result (2023)*

- A. Dependent Variable: Level of Customer Satisfaction
- B. Predictors: (Constant), Empathy, Tangibility, Responsiveness, Assurance, Reliability

As depicted in the ANOVA Table 4.6, the significance value of F statistics is 0.000 which is less than 0.05 showing that there is relatively significant relationship between the dependent and independent variables.

**Table 4.8. Multiple Regression Analysis  
Coefficients Table**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig	Collinearity Statistics	
	B	Std. Error	Beta ( $\beta$ )			Tolerance	VIF
(Constant)	-1.461	.478		3.031	.002		
Tangibility	.295	.096	.213	3.085	.002	.729	1.356
Reliability	.354	.115	.248	2.588	.001	.560	1.812
Responsiveness	.266	.101	.167	3.294	.001	.832	1.181
Assurance	.293	.088	.235	2.887	.003	.721	1.383
Empathy	.274	.095	.179	-3.061	.002	.951	1.051

*Source: Survey result (2023)*

The table shows that assurance, responsiveness, empathy, reliability and tangibility (the independent variables) impact on dependent variable (corporate image) are positive as values of coefficient  $\beta$  confirms. This means, service quality dimensions contribute positively and significantly to corporate image.

Reliability, assurance and tangibility have relatively big impact with value of  $\beta$  0.248, 0.235 and 0.213 on bank image followed by empathy and responsiveness with value of  $\beta$  0.179 and 0.167 respectively. Empathy and responsiveness have the lowest positive and insignificant impact on image of the bank.

## Regression coefficients

**Table 4.11 coefficient Model**

Model	Understand Coefficients		Standardized coefficients	T	Sig
	B	Std Error	Beta		
Constant					
reliability	0.345	0.115	0.248	2.588	0.001
tangibility	0.295	0.096	0.213	3.085	0.002
empathy	0.274	0.095	0.179	-3.061	0.002
responsiveness	0.266	0.101	0.167	3.294	0.001
assurance	0.293	0.088	0.235	2.887	0.003

*Source own survey result 2023*

## Hypothesis testing

### 1. Tangibility

HO: Tangibility has no significant impact on corporate image.

Significance Level ( $\alpha$ ):0.05

Result: The p-value for Tangibility is 0.002, which is less than the significance level (0.05). Therefore, we reject the null hypothesis. Tangibility has a significant impact on corporate image.

### 2. Reliability:

HO. Reliability has no significant impact on corporate image.

Significance Level ( $\alpha$ ):0.05

Result: The p-value for Reliability is 0.001, which is less than the significance level (0.05). Therefore, we reject the null hypothesis. Reliability has a significant impact on corporate image.

### **3 Responsiveness**

HO, Responsiveness has no significant impact on corporate image.

Significance Level ( $\alpha$ ):0.05

Result: The p-value for Responsiveness is 0.001, which is less than the significance level (0.05). Therefore, we reject the null hypothesis. Responsiveness has a significant impact on corporate image.

### **4 Assurance:**

HO, Assurance has no significant impact on corporate image.

Significance Level ( $\alpha$ ):0.05

Result: The p-value for Assurance is 0.003, which is less than the significance level (0.05). Therefore, we reject the null hypothesis. Assurance has a significant impact on corporate image.

### **5. Empathy:**

HO, Empathy has no significant impact on corporate image.

Significance Level ( $\alpha$ ): 0.05

Result The p-value for Empathy is 0.002, which is less than the significance level (0.05). Therefore, we reject the null hypothesis. Empathy has a significant impact on corporate image.

The researcher concluded that all service quality dimensions (Tangibility, Reliability, Responsiveness, Assurance, and Empathy) have a significant impact on corporate image, as their p-values are less than the chosen significance level of 0.05.

## **Summary of Hypotheses Testing**

The conceptual frame work developed under the literature review of this paper is tested by using tools in both descriptive and inferential analysis like mean, standard deviation and multiple regressions. The test result is summarized as follows.

### **Table 4.17: Summary of Hypothesis Testing**

<i>Hypothesis</i>	<i>Statistical Test</i>	<i>Reasons</i>
H1a: tangibility has a positive and significant effect on the bank image	H0a-rejected	Beta is 0.213&P is 0.001
H1b: Responsiveness has a positive and significant effect on the bank image	H0b-rejected	Beta is 0.248&P is 0.001
H1c: Assurance has a positive and significant effect on the bank image	H0c-rejected	Beta is 0.167&P is 0.001
H1d: Empathy has a positive and significant effect on the bank image	H0d-rejected	Beta is 0.235&P is 0.001
H1e: Reliability has a positive and significant effect on the bank image	H0e-rejected	Beta is 0.179&P is 0.001

**Source: Survey result (2023)**

### Over all discussion

The intercept represents the estimated value of the dependent variable (corporate image) when all independent variables are zero. In this case, it's -1.461. The negative T-value and the small p-value (Sig) suggest that this intercept is significantly different from zero.

Tangibility has a positive impact on corporate image. The T-value (3.085) and the small p-value (0.002) suggest that this effect is statistically significant. The Beta value (0.213) represents the standardized coefficient, indicating the strength and direction of the impact. The Tolerance (0.729) and VIF (1.356) values suggest no issues of multicollinearity.

Reliability has positive impact on corporate image. The T-value 2.588 and the small p-value 0.001 suggest that this effect is statically significant. the beta value 0.248 represents the standardized coefficient , indicating the strength and direction of impact the tolerance 0.560and VIF 1.812 values suggest no issues of multicollinearity.

Responsiveness has positive impact on corporate image. The T-value 3.294 and the small p-value 0.001 suggest that this effect is statically significant. the beta value 0.266 represents the standardized coefficient , indicating the strength and direction of impact the tolerance 0.832and VIF 1.811 values suggest no issues of multicollinearit.

Assurance has positive impact on corporate image. The T-value 2.887 and the small p-value 0.003 suggest that this effect is statically significant. the beta value 0.235 represents the standardized coefficient , indicating the strength and direction of impact the tolerance 0.721and VIF 1.383values suggest no issues of multicollinearity

Empathy has positive impact on corporate image. The T-value -3.061 and the small p-value 0.002 suggest that this effect is statically significant. the beta value 0.274 represents the standardized coefficient , indicating the strength and direction of impact the tolerance 0.951and VIF 1.051 values suggest no issues of multicollinearity

On the other hand the information of the real effect of relationship between dependent and independent variables are shown by the value of standard coefficient table of regration model (beta value). Here there is constant and beta coefficient in order to get good prediction of the dependent variables by independent variables. The constant value is used as the initial value when the beta value becomes zero. According to the above tables depict that there are five beta values align with each independent variable. the P-value of each predictor is 0.001 and the beta coefficient values are all positive.

- The overall model is statistically significant (Sig of the model in ANOVA is 0.000).

- Based on the five independent variables it's possible to predict the dependent variable. If a unit change of each independent variable leads a significant variation of dependent variable by some value. For instance based on the above model the predictor's can explain the predicted for,
- Every 1%change of tangibility, bank image changes by 21.3% by remaining other predictors
- Every 1%change of responsiveness, bank image changes by 16.7% by remaining other predictors
- Every 1%change of assurance, bank image changes by 23.5% by remaining other predictors
- Every 1%change of reliability, bank image changes by 24.8% by remaining other predictors

- Every 1% change of empathy, bank image changes by 17.9% by remaining other predictors

Based on the results the researcher concluded that Tangibility, reliability, responsiveness, assurance, and empathy are all significant predictors of corporate image.





## **CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

This chapter explains summary, conclusions, recommendations, and future suggested research areas. The conclusions are given following the presentation and discussion captured in Chapter four. These include both the quantitative discussions given on the survey responses. Recommendations are forwarded based on findings of the data collected on the study.

### **5.1. Summary of major Findings**

Assessing the overall service quality and image of the bank is the main objective of the study by investigating the impact of service quality dimensions on corporate image of the bank. To this effect hypothesis were developed to investigate how service quality dimensions can affect and impact on the corporate image of the bank. The paper adopted quantitative research strategy and used self-administered questionnaire to collect data from the customers. Descriptive statistics like frequency and mean analysis techniques were applied to analyse background information of respondents. Respondent's perception on effect service quality and corporate. In addition, regression analysis technique was applied to investigate impacts of service quality dimensions on corporate bank image and also to test the research hypothesis.

Descriptive statistics like frequency, mean, and multiple regression were employed to analyse background information of respondents, respondents' perception on service delivery quality and corporate image and to analysis image related perception of the respondents.

The researcher also tried to investigate the respondent purpose have they come to bank on that day and With regard to service delivery speed most of the respondent wait 10 and 30 minutes to get the above services.

Multiple regression analysis were undertaken to investigate the impacts of each independent variables on dependent variable. The result confirmed that all service quality dimensions (tangibility, reliability, responsiveness, assurance and empathy) have a positive impact on the corporate image with  $p < 0.05$  though their degree of impact varies amongst the services quality dimensions.

Reliability and assurance service quality dimension have strongest impact on customers satisfaction with  $\beta$  value .248 and 0.235 respectively followed by tangibility with  $\beta= 0.213$ . The least impact is observed on responsiveness with  $\beta=0.167$  and empathy with  $\beta=0.179$  which indicate that reliability and assurance have relatively stronger impact on the corporate image than other dimensions. Besides, as the R square value shows the degree to which overall service quality (dependent variable) is explained by the model ( services quality dimensions) which includes tangibility, reliability, responsiveness, assurance and empathy, the aggregate impact of which is ( R square value) 0.62. This implies that corporate image is impacted or explained by all service quality dimensions to the extent of 62%.

Generally, the research hypotheses of this study has been tested and confirmed that all service quality dimensions have significant and positive impact on corporate image of the bank.

## **5.2. Conclusion**

In conclusion, this study systematically examined the dimensions of service quality and their effect on the corporate image of Bank of Abyssinia (BOA). Through a comprehensive analysis of survey data, several key findings emerged.

Firstly, the demographic profile of respondents provided valuable insights into the customer base, highlighting variations in gender, age, and educational levels. The majority of respondents fell within the 31-39 age range, with a significant proportion having a diploma or below in terms of academic qualifications.

The study also revealed a high response rate of 96%, indicating the effectiveness of the data collection process. The distribution of respondents across different age groups, genders, and academic levels allowed for a diverse and representative analysis.

The analysis of service-related questions shed light on customer behaviors, such as the purpose of their bank visits and the types of accounts they hold. Notably, a significant percentage of respondents were saving account holders, and a considerable portion visited the bank to deposit money.

The reliability tests, including Cronbach's Alpha, demonstrated the internal consistency of the survey instrument. The normality test confirmed that the data distribution was within acceptable ranges, ensuring the robustness of the results.

The inferential analysis provided valuable insights into the relationships between demographic variables and customer behaviors. Moreover, the correlation analysis revealed a positive correlation between service quality dimensions (Tangibility, Reliability, Responsiveness, Assurance, and Empathy) and the corporate image of BOA.

The multiple regression analysis further supported these findings, indicating that all service quality dimensions significantly impact the corporate image. Tangibility, reliability, responsiveness, assurance, and empathy collectively explained 50.3% of the variability in corporate image.

Hypothesis testing confirmed the significance of each service quality dimension, leading to the rejection of null hypotheses. Tangibility, reliability, responsiveness, assurance, and empathy were all found to have a substantial and positive impact on the corporate image of BOA.

In summary, the research contributes valuable insights for Bank of Abyssinia to enhance its services and manage its corporate image effectively. The findings suggest that improving tangibility, reliability, responsiveness, assurance, and empathy will positively influence customers' perceptions and contribute to a favorable corporate image. These insights can guide strategic decisions and initiatives to strengthen the bank's position in the competitive financial landscape

### **5.3. Recommendations**

Based on the findings of the study, the following recommendations are made:

#### **Regarding to tangibility**

BOA has to Invest in enhancing the physical facilities and technological interfaces of branches to improve the tangible aspects of the banks service delivery

The service delivery of BOA has to be equipped with necessary modern equipment and amenities which directly helps to improve service quality as statistical value of tangibility is modest.

#### **Regarding to reliability**

Based on the findings the researcher believes BOA should focus on maintaining consistency and accuracy in service delivery, ensuring that technological systems are robust and reliable.

Also the bank should regularly assess and update systems to meet evolving customer expectations and industry standards.

### **Regarding to responsiveness**

In today's competitive environment communications is the best tool to satisfy and fulfill their needs and wants. Therefore BOA shall streamline communication channels to ensure timely and effective responses to customer inquiries and concerns to meet their expectations. Also BOA has to Invest in training programs to enhance staff responsiveness and problem-solving skills.

### **Regarding to assurance**

Informing customers about you will increase the customer's confidence to work with you so BOA should increase Communicating and promoting the bank's financial stability, security measures, and commitment to customer satisfaction. Also Developing educational campaigns will increase customer awareness of the bank's products and services.

### **Regarding to empathy**

A company that cares for their customers trains their employees well. So Training staff to empathize with customer needs and concerns, fostering a customer-centric culture.

## **5.4. Limitations and Direction for Future Research**

This study focused on effect of service quality on image in the case of Bank of Abyssinia selected branch. The generalization of this paper to some extent cannot be applied to other branch that delivers service (out of four Branches). It is also worthwhile to note that price (service charges), delivery terms and condition etc. have potential to influence customer satisfaction which this paper does not consider but is one interesting title for the future research. It is my firm belief that, the finding is very useful for those entities especially in the Banking service provider side to improve their organization image and in away streamline their policy of service delivery and for further research in wider scope on the same or related topics.





## Appendix I

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## Appendix I

### Research Questionnaire

#### **St. Mary's University School of Graduate Studies MBA Program**

(Questionnaire for Customer)

**Dear Respondent,**

I am currently a student of St. Mary's University, and I am doing my Master's thesis. On "The effect of service quality on Bank Image" in the case of bank of Abyssinia". The purpose of this questionnaire is to gather data regarding the Service quality and Customer satisfaction in the case of BOA. The study is purely for academic purpose and thus does not affect you in any case. All of your response to the given question would be used for the research and will be kept confidential.

Your frank and timely response is vital for the success of the study. Therefore, I kindly request you to respond to each question carefully.

#### **General instructions**

- There is no need to provide specific detailed personal information except the needed.
- Please mark your response in the appropriate box with a thick (✓) supply the relevant information as required.
- If you wish to contact the candidate, you may approach through +251

Thank you in advance for your cooperation and timely response!

Eman Zeynu

## **PART –1: Demographic Data**

Please mark (✓) selected box:

1. Your Gender

Male

Female

2. Age (in year):

Under 30

31 to 39

40 to 49

50 and above

3. Your academic level.

Diploma

Bachelor's degree

MSC/MA Degree

PhD

## **PART II Questions related to topic**

1. For how long are you a customer of the bank.

One year and less than

1-3 years

4-7 years

8 and above years

2. According to type of account you belong to

Saving account

Current account

Fixed account

others

3. For what purpose have you come to bank today?

To deposit money

to get mobile banking

To transfer money, to withdraw

to open new account

4. How long it took to get the above mentioned service starting from your first arrival at the bank?

Less than ten minutes

Ten to thirty minuet

Thirty-one minuets to one Hour

More than one hour

### Part III: SERVICE QUALITY QUESTIONNAIRE (SQQ)

Instructions: Please tick the number that you feel most appropriate, using the scale from 1 to 5 (Where 1 = strongly disagree, 2 = disagree, 3 = neither agree nor disagree, 4 = agree and 5 = strongly agree).

Quality Dimensions	1	2	3	4	5
<b>Tangibility</b>					
The Bank has up to date equipment's					
The branch facilities are visually attractive					
The branch has office at convenient location to its Customer					
Staff of the branch at the front line position are well dressed and appear neat.					
The bank's branch have adequate space to deliver service					
The bank's branch are always clean					
<b>Reliability</b>					
The bank has network Quality and speed service					
The bank Keep customer record correctly					
The bank Provide service at the designed and promised Time					
The Bank inform any failure ahead of time					
The bank ATM and ITM give 24 hour service to its customers properly					
Employees show dependability in handling service problem					
<b>Responsiveness</b>					
Employees has willingness to help customers					
Employees are never busy to respond to customer request					
Employees give quick response when ether is problem					
Employees tried to give correct response for their customer request					
The bank provides diversified service to the customers.					
The bank gives prompt service.					
<b>Assurance</b>					

Personal behaviour of the staffs are excellent that the customer Can trust					
Staffs are polite during service delivering to their customer					
Staffs have adequate knowledge to serve customer					
The employees make customers feel safe in their transactions					
The employee has the required skill in providing services					
<b>Empathy</b>					
The staff know what customers' needs are					
Staffs are given individual attention to their customers					
The bank and its employees give do consideration for customers property					
Staffs give orientation about the new service and the cost related with the service to their customers					
The bank has convenient working hours to all its customers					

**Iv. Bank Image questioner**

	1	2	3	4	5
<b>Bank Image</b>					
I have always had a good impression of this bank					
I believe that this bank has a better image than its competitors					
In my opinion, this bank has a good image in the minds of customers					
I will choose the bank whenever I think of bank service					
I am willing to be member of the bank frequent Use the service					
I consider myself to be loyal patron for the bank					

**Thank you!**