



**ST.MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES**

**ASSESSMENT OF CUSTOMER SATISFACTION ON THE
SERVICE QUALITY OF DASHEN BANK S.C, ADDIS ABABA
BRANCHES**

BY:

HIBREWORK MEKONNEN DEMISSIE

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ADDIS ABABA, ETHIOPIA

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**A THESIS SUBMITTED TO ST.MARY'S UNIVERSITY, SCHOOL
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DECLARATION

I, the undersigned, declare that this thesis is my original work; prepared under the guidance of **Dr.Tesfaye Debela**. All sources of materials used for the 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 any degree.

Name

Signature & Date

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Acronyms

ATM – Automated Teller Machine

S.C – Share Company

SERVQUAL – Service Quality

SPSS - Statistical Package for the Social Sciences

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ABSTRACT

The main aim of this thesis was to assess the customers' satisfaction on the service quality of Dashen Bank S.C, Addis Ababa branches. It identifies the level of customer satisfaction by measuring the gap between customers' expectation and actual performance on the quality of service delivered by the bank using the five service quality dimensions which are Tangibles, Reliability, Responsiveness, Assurance and Empathy. The study is basically a survey that used both qualitative and quantitative approaches. For the purpose of data collection SERVQUAL model questionnaire was adopted, pre-tested and personally administered to the target population by following the appropriate ethical procedures. Two hundred and four (204) respondents were sampled from the total population of one hundred and thirtysix thousand (130,000) customers of Dashen Bank that are found in Addis Ababa using the sample size determination table developed by Yamen (1967). Out of the distributed 204 questionnaires only 145 were returned constituting 71.08% response rate. The findings of this study show that customers of Dashen Bank S.C, Addis Ababa branches are not satisfied in all the service quality dimensions which shows expectation of customers' exceed the actual performance of the bank. The result also proves that all service quality dimensions are strongly and positively correlated to customers' satisfaction. Based on this, it is recommended that Dashen Bank S.C should give greater attention to improve its service quality and satisfy its customers by meeting or exceeding customers expectation through assessing and improving the gaps on all the service quality dimensions which will result in reputation of purchase, word of mouth and customer loyalty that help the Bank to stay competitive in the industry and increase its market share and profit.

CHAPTER ONE

INTRODUCTION

This chapter presents the reader with an overview of the entire thesis. It covers the Background of the study, problem statements of the study with research questions, general and specific objectives, important terms definition, significance of the study, limitations, scope and structure of the thesis.

1.1. Background of the study

Services are economic activities that create value and provide benefit for customers at specific time and place in order to bring a desired change in the recipient of the service. And currently the trend of world market has changed noticeably from agricultural and manufacturing to service markets. All of the service businesses are trying their best to improve their service quality in order to make customers satisfied with their services, and the Bank industry is one of them.

Service quality has been identified as a critical success factor for organizations to build their competitive advantage and increase their competitiveness. Service quality has been defined as an attitude resulting from the comparison of expected levels of service with perceived performance (Cronin and Taylor, 1992). Gronroos (1982) was the first to define service quality as “the outcome of an evaluation process where the consumer compares his expectations with the service he perceived.”

Modern management science's philosophy considers customer satisfaction as a baseline standard of performance and a possible standard of excellence for any business organization (Gerson, 1993). To reinforce customer orientation on a day-to-day basis, a growing number of companies choose customer satisfaction as their main performance indicator (Mihelis, et.al 2001). Customer satisfaction is a personal feeling of either pleasure or disappointment resulting from the evaluation of services provided by an organization to an individual in relation to expectations (Oliver, 1980). Satisfaction of the customer can also be seen in the feelings of joy or resentment, after obtaining the service, resulting from the comparison between the actual and expected performance for the customer (Altai, Kodadah, 2008). Judging service satisfaction is a result of comparison between customer expectations regarding purchased quality of service and the actual quality of service performance that is evaluated by the customer by the following dimensions: (tangibility, reliability,

responsiveness, assurance, mastering) if service revenue obtained is less than expected the result will be negative feeling and trust. While if the impact is positive of the expected results this will give a positive feeling and trust (Alagarma, 2005).

A Bank is a financial institution and a financial intermediary that accepts deposits and channels those deposits into lending activities, either directly by loaning or indirectly through capital markets. A bank connects businesses with capital deficits to businesses with capital surpluses.

Banks offer many different channels to access their banking and other services: this are

- ✓ **Automated Teller Machines:** is a computerized telecommunications device that enables the clients of a financial institution to perform financial transactions without the need for a cashier, human clerk or bank teller.
- ✓ **A branch:** is a retail location where a bank, offers a wide array of face-to-face and automated services to its customers.
- ✓ **Call center:** is a centralized office used for the purpose of receiving or transmitting a large volume of requests by telephone.
- ✓ **Mail:** most banks accept cheque deposits via mail and use mail to communicate to their customers, e.g. by sending out statements
- ✓ **Mobile banking:** is a method of using one's mobile phone to conduct banking transactions
- ✓ **Online banking:** is a term used for performing multiple transactions, payments etc. over the Internet
- ✓ **Telephone banking:** is a service which allows customers to perform transactions over the telephone with automated attendant or when requested with telephone operator.

Dashen Bank S.C was established as per the intent of the new policy and the Ethiopian investment code. It came into existence on September 20, 1995 according to the commercial code of Ethiopia, 1960, and the licensing and supervision of banking business proclamation No. 84/1994. The first founding members were 11 businessmen and professional that agreed to combine their financial resources and expertise to form this new private bank with a vision of “In as much as Mount Dashen excels all other mountains in Ethiopia, Dashen Bank continues to prove unparalleled in banking service”. And with a mission “Provide efficient and customer focused domestic and international banking services, overcoming the

continuous challenges for excellence through the application of appropriate technology”.

(Dashen Bank, 2013, <http://www.dashenbanksc.com/aboutus/index.html>)

Currently in Ethiopia especially in Addis Ababa because of the rapid economic development of the country and different huge investments the demand of the people to use banks is increasing. Because of the above reasons and the bank industry is a profitable business the industry is going on radical changes and the number of banks are increasing so fast which makes the banks to face stiff competition.

In the past times and currently several studies have been done on customer satisfaction in relation with service quality on the bank industry and other service giving organization but as stated above currently the competition is stiff on the bank industry and they are employing different working methods and technologies to improve their service quality and satisfy their customers.

This study therefore assesses customer satisfaction on the service quality of Dashen Bank S.C, Addis Ababa branches.

1.2. Statement of the problem

The banking industry can make an economy strong and they are just in economy as there is backbone in human body. Modern banks are playing lots of new roles and making life of common consumers as well as business men easy.

Customer satisfaction is seen as a key performance indicator and it is also a measurement of how products and services supplied by a company meet or surpass customer expectation.

Dashen Bank S.C is one of the largest private commercial banks in the country. The bank also joins the banking industry in September 20, 1995 and currently the bank has 89 branches in the whole country and out of these 49 branches found in Addis Ababa. Because of this it is expected to satisfy the needs of its customers by providing quality service through proper working procedures.

Currently the number of Commercial Banks in Ethiopia especially in Addis Ababa is increasing rapidly due to different reasons like the city is economic and political center of the country, Addis is also the center of AU, ECA and becoming the diplomatic hub of Africa, and the current rapid economic development and different huge investments by local and foreign investors which increases the demand for a bank service. As a result, the banks are in stiff competition and trying to increase their profit and attract more customers by providing quality service and satisfying their current customers. The expansions of the bank sector

being well appreciated; concerns are present on the quality of the services provided by the banks and the level of their customers' satisfaction.

Therefore, the main reason for this research is to check whether there is customer satisfaction or else customer dissatisfaction on the service quality of Dashen Bank S.C, Addis Ababa branches.

Thus the questions to be answered in this study are:-

- ❖ What is the overall level of customer satisfaction in Dashen Bank S.C in Addis Ababa branches?
- ❖ On which dimensions of service quality are customers satisfied or dissatisfied in Dashen Bank S.C in Addis Ababa branches?
- ❖ What is the gap between customers' expectation and perceived performance of the bank?

1.3. Objective of the study

1.3.1. General Objective

The main objective of this study was to assess the satisfaction level of customers on the service quality of Dashen Bank S.C, Addis Ababa Branches.

1.3.2. Specific Objective

- ❖ To assess the overall satisfaction level of customers of the bank.
- ❖ To assess whether the Bank delivers reliable service to customers.
- ❖ To identify the level of customer satisfaction towards empathy.
- ❖ To measure the level of customer satisfaction towards assurance.
- ❖ To evaluate the level of customer satisfaction towards responsiveness of the bank.
- ❖ To assess customer satisfaction towards the physical facilities and equipments of the Bank.

1.4. Definition of Terms

- ❖ **Customer satisfaction** is a person's feelings of pleasure or disappointment resulting from comparing a product's perceived performance (or outcome) in relation to his or her expectation (Kotler, 2003)
- ❖ **Service quality** is the difference between the customer's expectation of service and the perceived service. (Zeithaml et.al, 1985)

- ❖ **SERVQUAL** is an instrument for measuring service quality, in terms of the discrepancy between customers' expectation regarding service offered and the perception of the service received, that includes 22 attributes which are grouped into five dimensions: tangibles, reliability, responsiveness, assurance, and empathy. (Parasuraman et.al, 1988)
- ❖ **Customer expectation** means uncontrollable factors including past experience, personal needs, word of mouth, and external communication about services. (Davidow and Uttal, 1989)
- ❖ **Customer perception** means customer's feelings of pleasure / displeasure or the reaction of the customers in relation to the performance of the service giver. (Cadotte et.al, 1987)

1.5. Significance of the study

This research is done to measure and give an overall insight concerning the satisfaction level of customers on the service quality of Dashen Bank S.C in Addis Ababa branches using SERVQUAL instrument. The outcome of this study will contribute for the better understanding of the relationship service quality has with customer satisfaction in Ethiopia context. It also helps to improve the service quality of the Bank to meet the customers' expectation and gives insight for the management body of the Bank by suggesting viable strategies to enhance service quality that can induce customer satisfaction and the potential ways to improve the service quality and satisfy its customers which in turn is believed to result in positive behavioral intentions of customers that can be exhibited through repeat purchase, brand loyalty and positive word of mouth.

1.6. Limitation of the study

The main limitations of this study were constraints of resource and time. Not only had this but the fact that the study was only conducted in ten branches of the bank which limits the study to be more generalizable. In addition, the other limitations were some customers refused to participate in this survey and some did not return the questionnaires which were distributed.

1.7. Scope of the study

Dashen Bank S.C has 89 branches in Addis Ababa and in different cities of Ethiopia. However, this study was concerned with the branches located in Addis Ababa. In addition,

customers in the study were limited to only individuals who use the bank it didn't include institutions.

1.8. Organization of the paper

This paper is divided into five chapters. The first chapter contains the general introduction of the paper which includes background of the study, statement of the problem, objectives of the study, definition of terms, significance of the study, limitation of the study, scope of the study and organization of the paper. The second chapter deals with the review of related literatures. The third chapter deals with research method. The fourth chapter deals with results and discussions. Finally the fifth chapter includes summary of results and tries to forward relevant conclusion and recommendation of the study.

CHAPTER TWO

LITERATURE REVIEW

This chapter reviews the literature from theoretical and empirical point of views on the areas of customer satisfaction, service quality, service quality dimensions, service quality model, measuring customer satisfaction, customer service and the relationship between customer satisfaction and service quality. Finally it shows the conceptual frame work.

2.1. Theoretical Literature

2.1.1. Customer satisfaction

Customer satisfaction is a well-known and established concept in several areas like marketing, consumer research, economic psychology, welfare-economics and economics. The most common interpretations obtained from various authors reflect the notion that satisfaction is a feeling which results from a process of evaluating what has been received against what was expected, including the purchase decision itself and the needs and wants associated with the purchase. Bitner & Zeithaml (2003) stated that satisfaction is the customers' evaluation of a product or service in terms of whether that product or service has met their needs and expectations and also satisfaction is a positive, affective state resulting from the appraisal of all aspects of a party's working relationship with one another.

Customer satisfaction can be experienced in a variety of situations and connected to both goods and services. It is a highly personal assessment that is greatly affected by customer expectations. Satisfaction also is based on the customer's experience of both contacts with the organization and personal outcomes (Hanan, et.al, 1989).

Customer satisfaction is a highly personal assessment that is greatly influenced by individual expectations. Some definitions are based on the observation that customer satisfaction or dissatisfaction results from either the confirmation or disconfirmation of individual expectations regarding a service or product. To avoid difficulties stemming from customer expectations and differences, some experts urge companies to "concentrate on a goal that's more closely linked to customer equity." Instead of asking whether customers are satisfied, they encourage companies to determine how customers hold them accountable (Wreden, 2004).

Customer satisfaction is the degree to which a customer perceives that an individual, firm or organization has effectively provided a product or service that meets the customer's needs in the context in which the customer is aware of and / or using the product or service. Satisfaction is not inherent in the individual or the product but is a socially constructed response to the relationship between a customer, the product and the product provider / maker. To the extent that a provider / maker can influence the various dimensions of the relationship, the provider can influence customer satisfaction (Reed, John H., Hall, Nicholas P, 1997).

All the definitions of customer satisfaction describe the formation of satisfaction as a process; they define the key variables and the mechanisms of interaction of those variables and they recognize that satisfaction is the final step of a psychological process. It is perceived as the final result of all activities carried out during the process of purchase and consumption and not only of observation and or direct consumption of the product or service. All the reviewed definitions maintain, in one way or another that satisfaction implies:

- 1) The existence of an objective that the consumer wishes to reach.
- 2) The attainment (satisfaction) of this objective can only be judged by taking a standard of comparison as a reference.
- 3) The evaluation process of satisfaction implies the intervention of at least two stimuli: a result and a reference or standard of comparison (Millana, Angel, Esteban, Agueda, 2004).

According to Hansemark and Albinson (2004) "satisfaction is an overall customer attitude towards a service provider, or an emotional reaction to the difference between what customers anticipate and what they receive, regarding the fulfillment of some needs, goals or desire".

Kotler (2003) stated that Customer Satisfaction has been a central concept in marketing literature and is an important goal of all business activities. Today, companies face their toughest competition, because they move from a product and sales philosophy to a marketing philosophy, which gives a company a better chance of outperforming competition and defined satisfaction as a person's feelings of pleasure or disappointment resulting from comparing a product perceived performance (or outcome) in relation to his or her expectations. Currently Issues like customer satisfaction, service quality, customer perception, customer loyalty, are the main concerns of service companies, which improve organization's performance and translate them into more profits.

As the study of Luo & Homburg (2007) shows that customer satisfaction positively affects business profitability and conclude that customer satisfaction increases customer loyalty, influences repurchase intentions and leads to positive word-of-mouth.

Customers' satisfaction is the company's ability to fulfill the business, emotional, and psychological needs of its customers. Customer satisfaction has also been defined by Hunt (1977) as "an evaluation rendered that the (consumption) experience was at least as good as it was supposed to be. Furthermore, opined it to be "an evaluation that the chosen alternative is consistent with prior beliefs with respect to that alternative." It is a well-researched fact that investments in customer satisfaction, customer relationships and service quality leads to profitability and market share. Customer satisfaction leads to customer loyalty and this also leads to profitability. If customers are satisfied with a particular high quality service offering after its use, then they can be expected to engage in repeat purchase and even try line extensions and thus market share can be improved.

According to Oliver (1980), the customer satisfaction model explains that when the customers compare their perceptions of actual products/services performance with the expectations, then the feelings of satisfaction have arisen. Any discrepancies between the expectations and the performance create the disconfirmation. And the researcher also identified three types of disconfirmation. They are:

- Positive disconfirmation occurs when Product/service performance exceeds expectations. In this case, the customers are highly satisfied.
- Negative disconfirmation occurs when Product/service performance is below expectations. In this case, the customers are highly dissatisfied.
- Zero disconfirmation occurs when Product/service performance = expectations.

It is more probable for customers to be satisfied if the service performance meets (confirmation) or exceeds (positive disconfirmation) their expectations. On the contrary, customers are more likely to be dissatisfied if the service performance is less than what they expected (negative disconfirmation). Khalifa & Liu (2003) discussed that taking expectation disconfirmation as the only determinant of satisfaction; this theory does not cause the fact that if high expectations are confirmed, it would much more lead to satisfaction than confirmation of low expectations. To resolve this drawback perceived performance is included as an additional determinant of satisfaction. In other words the only way to ensure satisfaction is to empirically create disconfirmation by manipulating expectations and performance.

Giese and Cote (2000) identified the following components of satisfaction:

- 1) Consumer satisfaction is a response (emotional or cognitive);
- 2) The response pertains to a particular focus (expectations, product, consumption experience, etc.); and
- 3) The response occurs at a particular time (after consumption, after choice, based on accumulated experience, etc).

2.1.2. 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. Expectation is viewed as desires or wants of consumer i.e., what they feel a service provider should offer rather than would offer and Perceived service is the outcome of the consumer's view of the service dimensions, which are both technical and functional in nature (Parasuraman et.al, 1988). Niteck and Herson (2000) define service quality in terms of meeting or exceeding customer expectation or as the difference between customer perceptions and expectations of service.

Gronroos (1982) defined service as, "A service is a process consisting of a series of more or less intangible activities that normally, but not necessarily always, take place in interactions between the customer and service employees and/or physical resources or goods and/or systems of the service provider, which are provided as solutions to customer problems".

Fogli (2006) define service quality as "a global judgment or attitude relating to a particular service; the customer's overall impression of the relative inferiority or superiority of the organization and its services. Service quality is a cognitive judgment".

Quality consists of two primary elements: (1) either a product satisfies the needs or (2) up to which level it is free from deficiencies. Service is kind of performance that is offered by one party to another and in corporeality is a must part of it. Services are defined by some characteristics like services are incorporeal in nature; we cannot measure the service by some instrument. Services are said to be inseparable that is production and consumption usually takes place at the same time. Moreover services are variable in nature; they don't follow a same or some kind of linear pattern. Very often polymorphism is also seen in services as services are simple as well as complex.

According to the service quality theory of Oliver (1980), it is predicted that customers will judge that quality as `low` if performance does not meet their expectations and quality as `high` when performance exceeds expectations. Closing this gap might require toning down

the expectations or heightening the perception of what has actually been received by the customer.

2.1.3. Service Quality Dimensions

Parasuraman (1988) identified five dimensions of service quality (which are: **reliability, responsiveness, assurance, empathy, and tangibles**) that link specific service characteristics to consumers' expectations.

1. Tangibles

The physical evidence of service givers including a personality and appearance of personnel, tools, and equipment used to provide the service.

2. Empathy

Empathy refers to the provision of caring and individualized attention to customers including access, communication and understanding the customers.

A. Access: involves approach, ability and ease of contact. It means the service is easily accessible, waiting time to receive service is not extensive, hours of operation are convenient and location of service facility is convenient.

B. Communication: means keeping customers informed in language they can understand. It means listening to customers, adjusting its language for different consumers and speaking simply and plainly. It also involves explaining the service itself, explaining how much the service will cost, and assuring the customer that a problem will be handled.

C. Understanding the customers: means making the effort to understand the customer's need. It includes learning the customer's specific requirements, providing individualized attention, recognizing the regular custom.

3. Assurance

Assurance refers to the knowledge and courtesy of employees and their ability to convey trust and confidence including competence, courtesy, credibility and security.

A. Competence: means possession of the required skills and knowledge to perform the services. It involves knowledge and skill of personnel and research capability of the organization.

B. Courtesy: involves politeness, respect, consideration, and friendliness of personnel.

C. Credibility: involves trust worthiness, believability, honesty; it also involves having the customer's best interest at heart.

D. Security: refers to the freedom from danger, risk or doubt. It involves physical safety, financial security and confidentiality.

4. Reliability

Reliability involves the ability to perform the promised service dependably and accurately. It includes “Doing it right the first time”, which is one of the most important service components for customers. Reliability also extends to provide services as promised and maintain error-free records.

5. Responsiveness

Responsiveness means willingness and ability of employees to help customers and provide prompt service such as quick service, professionalism in handling and recovering from mistakes.

After a comprehensive review of service quality studies, (Asubonteng et.al, 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. Besides SERVQUAL, (Sureshchandar et.al, 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).

2.1.4. Service Quality Model

(Parasuraman et.al, 1985) developed a conceptual model of service quality where they identified five gaps that could impact the consumer’s evaluation of service quality in four different industries (retail banking, credit card, securities brokerage and product repair and maintenance). The gaps were;

1. **Gap between Customer Expectation and Management Perception (Knowledge Gap):** management does not always perceive correctly what customers’ want. Electricity

company manager might think that consumer's judge the company service by the quality of employees' performance in the technique department, whereas customers may be more concerned with the courtesy and responsiveness.

- 2. Gap between Management Perception and Service Quality Specification (The Standard Gap):-** management might correctly perceive the customers' wants but not set a specified performance standard. For example hospital administrators may tell the nurses to give "fast" service without specifying it quantitatively.
- 3. Gap between Service Quality Specification and Service Delivery (The Delivery Gap):-** The personnel might be poorly trained or incapable or unwilling to meet the standard or they may be held to conflicting standards such as taking time to listen to customers and serving them fast. For example a bank officer who is told by the operations department to work fast and by the marketing department to be courteous and friendly to each customer.
- 4. Gap between Service Delivery and External Communication: -** Consumer expectations are affected by standards made by company representatives and advertising. If a hospital brochure shows a beautiful room, but the patient arrives and finds the room to be cheap and tack looking, external communications have distorted the customers' expectations.
- 5. Gap between Perceived Service and Expected Service: -** This gap occurs when the consumer misperceives the service quality. The physician may keep visiting the patients to show case, but the patient may interpret this as an indication that something really is wrong.

ServQual

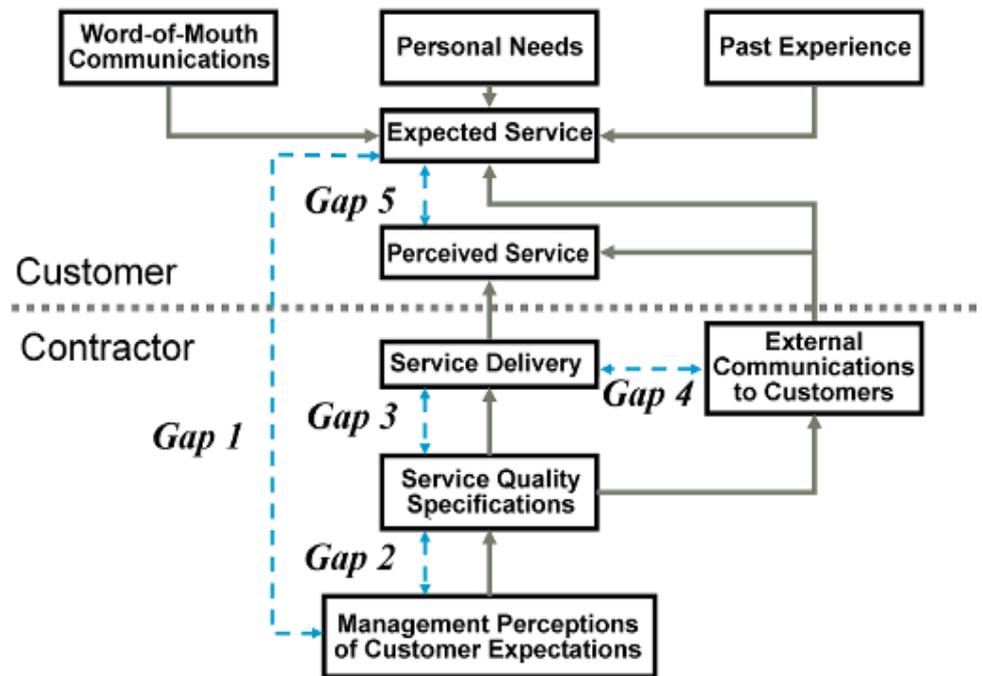


Figure 1- SERVQUAL Model

SERVQUAL is grounded in the gap model (Francois et.al, 2007) and measures the difference between the perception and expectations (P-E) of customers on service; the model presents 44 items having two parts 22 for expectation the same amount for perception.

The model presents five dimensions of service quality namely Reliability, Assurance, Tangibles, Empathy and Responsiveness.

Dimensions	Items in scale
Reliability	4
Assurance	5
Tangibles	4
Empathy	5
Responsiveness	4

A number of scholars applied SERVQUAL in their researches on service quality in various service sectors (Riadh, 2009). Besides its popularity the model invited a great deal of debates from service quality researchers.

(Francois et.al, 2007) after scrutinizing 42 researches made for 17 years using SERVQUAL and SERVPERF models ; recommended that both tools provide equally valid prediction on overall service quality, whereas suggested that because of its diagnostic power SERVQUAL is advisable for managerial researchers. He also identified that the predictive validity of SERVQUAL increases when the instrument is adapted to the survey context.

(Raidh, 2009) after conducting a meta analysis on SERVQUAL based research papers done for 20 years commented that despite criticisms the use of different scores, reliability, validity(convergent, discriminate ,and predictive), emphasis on process, hierarchical construct , reflective scale, the applicability of generic and scale in different setting, the SERVQUAL is useful instrument for service quality researches. In a way Raidh also mentioned that SERVQUAL has some limitations but still approves its usefulness for service quality measurement.

2.1.5. Measuring Customer Satisfaction

While it seems clear that increasing customer satisfaction is beneficial to a marketing manager, but how to measure it is less clear. Customer satisfaction has been studied from the perspective of the individual customer and what drives their satisfaction (Oliver and Swan 1989). Measurement of the rate of customer satisfaction is also a measurement of how products and services supplied by a company meet or surpass customer expectation. It is seen as a key performance indicator. Satisfaction is a multidimensional construct which has been conceptualized as a prerequisite for building relationships and is generally described as the full meeting of one's expectations (Oliver, 1980), and is a feeling or attitude of a customer towards a product or service after it has been used (Jhan and Khan, 2008).

Competitors that are prospering in the new global economy recognize that measuring customer satisfaction is a key factor because industries can hold on to the customers they have and understand how to better attract new customers (Cacippo, 2000). Customer satisfaction measurements can also provide valuable insights into new products or services your customers want, putting one's company ahead of the competition.

(Sureshchandar et.al) pointed out that customer satisfaction should be viewed as a multi-dimensional construct and the measurement items should be generated with the same dimensions of service quality.

2.1.6. Customer Services

Customer service is a system of activities that comprises customer support systems, complaint processing, speed of complaint processing, ease of reporting complaint and

friendliness when reporting complaint (Kim et.al, 2004). The improved customer services are the focal point of the bank service providers for social as well as for economic reasons. From a social point of view, services should be available to the customers on reasonable terms. As far as economic factor is concerned, services should satisfy the needs of the customers. For developing satisfaction among customers, the bank service providers need to be extra careful for the customer services they provide. Satisfaction of customer is determined by his/her evaluation of service provided by the organization.

According to (Robert, 2005) “customer service is defined as the ability of knowledgeable, capable and enthusiastic employees to deliver products and services to their internal and external customers in a manner that satisfies identified and unidentified needs and ultimately result in positive word-of-mouth publicity and return business.”

Customers don't expect you to be perfect. They do expect you to fix things when they go wrong (Gronroos, 1982). The duties of the customer service staff is to clearly communicate with customers, to manage their problems regarding product or service, to transfer the appropriate information, to analyze the customer need and wants, to inform about new offerings, and to manage the length of the call. Handling customer-complaint effectively leads to customer satisfaction Hansemark & Albinson (2004) “Customer services always a successful indicator in business”. Customer service is a momentous factor of marketing mix for any product or service. To generate customer loyalty the company should provide high quality customer services (Hansen et.al, 1997).

The study of Ahn et.al (2006) shows that when the customers, do not get their complaints considered properly, they start looking for other service deliverers. It happens because either the customer service centers do not handle the complaints or the customers are not able to address them properly. Furthermore, the friendly attitude and courteous behavior of the service workers at service firms leaves a positive impression on the customer which lead towards customer satisfaction. So service providers should provide customer oriented services in order to heighten up customer satisfaction.

2.1.7. The relationship between customer satisfaction and service quality

The exact relationship between satisfaction and service quality has been described as a complex issue, characterized by debate regarding the distinction between the two constructs and the casual direction of their relationship. Parasuraman et.al (1994) concluded that the confusion surrounding the distinction between the two constructs was partly attributed to

practitioners and the popular press using the terms interchangeable, which make theoretical distinctions difficult.

Bitner and Hubbert (1994) determined that service encounter satisfaction was quite distinct from overall satisfaction and perceived quality. Despite strong correlations between service quality and customer satisfaction in their study, researchers determined that the two constructs exhibited independence and concluded that they were in fact different constructs, at least from the customer's point of view.

An assessment model suggested by Yunus et.al (2009) emphasizes on the relationship between perceived service quality, customer satisfaction and interest in purchasing. This research shows that customer satisfaction is an intervening variable of service quality and repurchases interest. In other words, service quality influences customer satisfaction, and customer satisfaction affects repurchase interest.

Based on the survey result (Shabbir, 2011) described that all the service quality attributes are positively related to customer satisfaction and customer satisfaction is positively related to customer loyalty in the retail banking settings. (Manoj Kumar Dash and Mahaptra, 2009) also stated that high quality of service will result in high customer satisfaction and increase loyalty.

However, Beerli, Martin and Quintana 2004 found that there is a positive relationship between the two constructs. Yee et.al (2010) found that service quality has a positive influence on customer satisfaction. Bitner (1990) and Bolton and Drew (1991) also pointed out that customer satisfaction is the antecedent of service quality. Sureshchandar, Rajendran and Anantharaman 2003 founded that service quality and customer satisfactions are highly related.

2.2. Empirical Literature

Many previous researchers have studied customer satisfaction towards service quality in service businesses such as Bank, Spa, and Tourism.

Belay Deribe and Ebisa Deribie (2012) studied an empirical analysis of customer satisfaction on bank services in Jimma, Ethiopia. The major objective of the study was to analyze customer satisfaction on banking services. For the purpose of the study primary data sources were used. Structured questionnaires were employed to collect primary data from 120 purposively selected respondents who were customers of the major bank in the town (Commercial Bank of Ethiopia). And the collected data were analyzed by using descriptive statistics.

The researchers conclude that customers of the main branch Commercial Bank of Ethiopia in Jimma town are satisfied by the quality of services provided though it is with considerable reservations. But there are a number of problems hindering the smooth delivery of the banking services. The network problem for instance is the major obstacle in the check clearing operations. Besides, in the loan operations the delays of the loan approval is the problem. In the electronic banking services, customers responded that the benefits they obtained are limited as the bank's investment in the modern banking technologies is low. In addition, the temporary failures in the electronic banking services are not corrected immediately. And finally the researchers try to forward useful point that it's obvious if customers do not have a trust on the banking services it is meaningless to talk about the good will of the bank. Therefore, the bank should handle its customers so well to achieve its organizational aims.

Mesay Sata Shanka (2012) studied an empirical analysis of Bank Service Quality, Customer Satisfaction and Loyalty in Ethiopian Banking Sector. The major aim of the research paper was to measure the quality of service offered by private banks operating in Ethiopia and also it tries to investigate the relationship between service quality, customer satisfaction and loyalty. The five dimensions of SERVPERF model i.e. reliability, assurance; tangibility, empathy and responsiveness were used to measure the quality of service offered by the private banks. In order to achieve the aims, both primary and secondary sources of data were used. The primary data were collected through questionnaire from 260 customer of banking services in Hawassa city on the 22 item SERVPERF scale measure perception regarding their respective banks service. Correlation and multiple regressions were used to investigate the relationship between dependent and independent variables.

The results of the study shows all service quality dimensions are positively correlated with customer satisfaction indicating quality banking service as a prerequisite for establishing and having a satisfied customers. According to the correlation result of the research paper, empathy and responsiveness are the dominant determinants of customer satisfaction. Based on the findings the researcher concludes that improvements of service quality should be conducted by the banks on all the five service quality dimensions, especially the dimensions of responsiveness and empathy. And the researcher also confirmed the theory of literatures regarding the relationship between service quality dimensions and customer satisfaction because its finding also shows a positive relationship between all service quality dimensions and customer satisfaction.

Kazi Omar Siddiqi (2011) conducts a research on Interrelations between Service Quality Attributes, Customer Satisfaction and Customer Loyalty in the Retail Banking Sector in Bangladesh. The main objective of the study was to find the interrelationships between service quality attributes, customer satisfaction and customer loyalty in the retail banking sector. A survey was conducted to collect data. The sample size of 100 retail banking customers was drawn from different banks in Bangladesh. The study confirms that there is a positive relationship between all the service quality attributes and customer satisfaction. The study also suggests that SERVQUAL is a suitable instrument for measuring the bank service quality. Therefore, bank managers can use this instrument to assess the bank service quality. Moreover, because all the dimensions of service quality attributes are positively correlated with customer satisfaction, bank managers should emphasis all the service quality dimensions in maintaining and improving the service quality that they provide.

2.3. Conceptual framework

The conceptual framework indicates the crucial process, which is useful to show the direction of the study. The study measures the level of customer satisfaction by measuring the gap between customers' expectation and perceived performance of the bank using the five service quality dimensions (reliability, responsiveness, assurance, empathy and tangible).

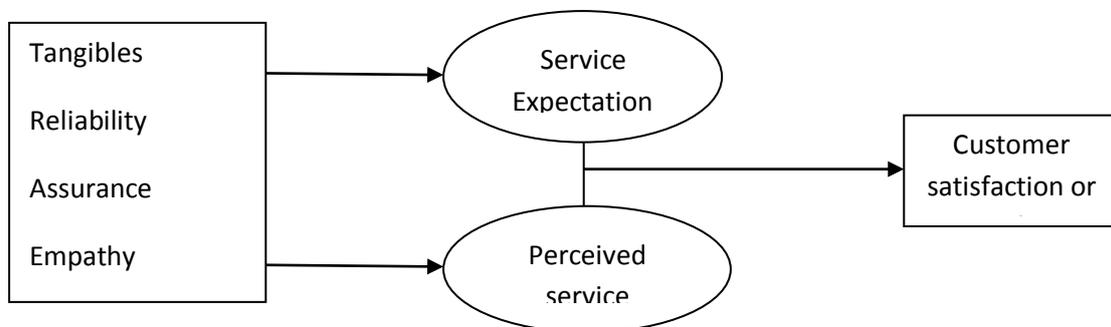


Figure 2: Conceptual frame work

CHAPTER THREE

RESEARCH METHOD

This chapter presents the methodological concerns used in conducting this research. It involves the general research design, the sample and sampling technique, sources and procedures of data collection and methods and tools employed to analyze the collected data

3.1. Research design

As this study is assessment of customer satisfaction on the service quality of Dashen Bank S.C, Addis Ababa branches descriptive research design was used as a main research method because it is a method that describes the study systematically, factually and accurately utilizing facts, behaviors and relationship between the subjects being studied.

In the course of analyzing the problems both primary and secondary data collection procedures were employed. The variables that were employed in this study are SERVQUAL model components which are Tangibles, Reliability, Responsiveness, Assurance and Empathy.

3.2. Sample and Sampling Technique

The target populations of this study were customers of Dashen Bank S.C, Addis Ababa branches and the size of the study population was one hundred and thirty thousand (130,000) (source: customer service manager). To make the study manageable and because of cost and time constraint appropriate sampling methods were employed. First out of the 49 branches that are found in Addis Ababa 10 branches were selected (which are Main, Kera, Bole Medhanialem, Lagar, Tikur Anbessa, Wuha Limat, Gerji MebratHail, Saris Abo, Amist Kilo and Beshale) using simple random sampling method. Then out of the one hundred and thirty thousand (130,000) total population size two hundred and four (204) customers were selected as sample size for the study using the sample size determination table developed by Yamen, (1967) (**APPENDIX 4**) with precision level of $\pm 7\%$ and in each branches the questionnaires were addressed by selecting customers accidentally because it is difficult to apply a probability sampling methods as all customers are not available in the bank on the same time because of different reasons and it is also costly and time taking to contact everyone who is sampled.

3.3. Source of Data and procedure of data collection

3.3.1. Data sources

In order to gather the data from relevant sources, both primary and secondary data collection instruments were used.

- **Primary data:** primary data are a data originated by the researcher for the specific purpose of addressing the research problem. It is what the researcher

originally collects from the sample population. In this study the primary data were gathered from customers of the bank using self-administered 5 level likert scale, SERVQUAL model, questionnaire.

Questionnaire: a 44 item SERVQUAL model questionnaire with 5 level likert scale was used to collect data; of which 22 items to measure customers expectation of the bank service and the remaining 22 items to measure the perceived performance of the bank.

- **Secondary source:** The secondary sources of data were collected from review of journals, articles, earlier research works and from the bank official web-sites and other search-engines.

3.3.2. Procedure of Data collection

The procedures followed when collecting data in this study was started by asking the willingness of Dashen Bank S.C to conduct the research on their company with a supportive letter from Saint Marry University. Then after getting the permission from the Bank, first pilot test on the questionnaire was conducted on 20 customers to check if there were missed points that have to be included and if the design of the questionnaire was comfortable to respondents. Then the primary data which is relevant to the study were collected from 145 customers of the Bank through questionnaire. Customers were informed that their participation was on a voluntary basis and all information provided would be kept private and confidential. The questionnaires were distributed to the customers who agree to participate in the study and also the researcher briefly explained to respondents if there were unclear points when they fill up the questionnaires. And also side by side relevant secondary data were collected from different documents, different web-sites, other research works and journals.

3.4. Method of data analysis

In this study after collecting the relevant data it was analyzed and interpreted using both qualitative and quantitative techniques which includes descriptive statistics, Spearman's correlation to show the relationship between customer satisfaction and perceived performance, gap analysis (between customers' expectation and perceived performance of the bank) and percentage method using tables. Spreadsheet and SPSS software version 16.0 was employed to analyze the data. Then, after analyzing the data and properly interpreting them

findings were summarized and based on the findings the appropriate conclusion were drawn and the possible recommendations were forwarded.

CHAPTER FOUR

RESULTS AND DISCUSSION

This chapter consists of the presentation, analysis and the interpretation of data gathered through primary data, i.e., self-administered questionnaire distributed to customers of the bank and through secondary data, i.e., written documents. The data considered in this chapter were obtained by using SERVQUAL model. Under this section, demographic characteristics of respondents, the relationship between the five service quality dimensions and customer satisfaction, the frequency and mean score of customers' expectation and perceived performance of the bank, gap score of customers' response and the overall customer satisfaction rating were presented and analyzed.

In this study 204 questionnaires were distributed to the respondents and only 145 questionnaires were returned. That means, the response rate was 71.08%. The remaining 28.92% of the respondents failed to return the questionnaires.

The questionnaire, respondents' characteristics and description of abbreviated variables are attached in the **APPENDIX 1, 2 and 3**.

4.1. Frequency, Mean and Gap score of respondents response

4.1.1. Frequency and Mean score of respondents response on their expectation about bank service

Table 3: Frequency and Mean score of customers' expectation on service tangibles

Tangibles	1	2	3	4	5	Total	Mean
Exp Tangibles1	0	0	14	57	74	145	4.41
Exp Tangibles2	0	7	12	62	64	145	4.26
Exp Tangibles3	0	0	5	41	99	145	4.65
Exp Tangibles4	2	4	7	56	76	145	4.38

Source own survey, 2013

As shown in the above table 3, for the question Exp Tangibles1, out the total 145 respondents 74 of them responds strongly agree, 57 of them agree, 14 were neutral and none of them responds disagree and highly disagree. And the mean score (**4.41**) is also higher than the median value of 3.00 which shows customers expectation is higher regarding that banking companies need to have modern equipment.

As indicated in the above table 3, out the total 145 respondents, 64 of them responds strongly agree, 62 of them agree, 12 were neutral, 7 disagree and none of them responds highly

disagree about their expectation that the physical facilities at banks will be visually appealing and also the mean score (**4.26**) shows customers of the bank demands a more visually attractive facilities from banks.

As indicated in the above table 3, relating to expectation of customers on the variable Exp Tangibles3, 99 of the respondents responds strongly agree, 41 of them responds agree, 5 were neutral and none of them responds disagree and highly disagree about their expectation that employees at banks will be neat in their appearance. And also, the significant difference between the mean value **4.65** and the median value 3.00 implies Cleanliness and good-looking appearance of staff received high ranking from customers.

According to the above table 3, for the question Exp Tangibles4, 76 of them responds strongly agree, 56 of them agree, 7 were neutral, 4 of them responds disagree and 2 respondents respond highly disagree and the mean score of the respondents' response is **4.38**. The results show that customers expect more attractive and eye-catching materials associated with the service (pamphlets or statements) from banks.

Table 4: Frequency and Mean score of customers' expectation on service reliability

Reliability	1	2	3	4	5	Total	Mean
Exp Reliability5	3	9	12	27	94	145	4.38
Exp Reliability6	0	11	5	42	87	145	4.41
Exp Reliability7	0	8	16	64	57	145	4.17
Exp Reliability8	1	8	9	70	57	145	4.20
Exp Reliability9	0	13	22	59	51	145	4.02

Source own survey, 2013

As illustrated on table 4, 94 of the respondents responds strongly agree, 27 of them responds agree, 12 were neutral, 9 of them responds disagree and 3 respondents respond highly disagree and the mean score is **4.38** about their expectation on the variable when banks promise to do something by a certain time, they will do. The result shows large number of respondents demand banks to keep their promises.

As shown in the above table 4, for the question Exp Reliability6, out of the total 145 respondents 87 of them responds strongly agree, 42 of them agree, 5 were neutral, 11 disagree and none of them responds highly disagree and the mean score (**4.41**) is higher than the median value (3.00). The above analysis implies that customers' expectation is higher regarding the attention given by banks when they face problems.

As indicated on table 4, for the question Exp Reliability7, 57 of the respondents responds strongly agree, 64 of them agree, 16 were neutral, 8 disagree and none of them responds highly disagree. In addition, the mean score (**4.17**) about their expectation that banks will perform the service right the first time is greater than the median value of 3.00 which implies customers believe banks have to provide services properly right the first time.

According to the above table 4, out of the total respondents 57 of them responds strongly agree, 70 of them responds agree, 9 were neutral, 8 of them responds disagree and 1 respondent respond highly disagree with mean score of **4.20** which is higher than the median value regarding their expectation that banks will provide the service at the time they promise to do so. The result implies banks are expected by customers to provide their services on the time they promised.

As depicted on table 4, regarding the expectation of customers on Exp Reliability9, 51 of them responds strongly agree, 59 of them agree, 22 were neutral, 13 disagree and none of them responds highly disagree and the mean score is **4.02**. From the above discussion we can understand that customers' needs banks to maintain their records free from errors.

Table 5: Frequency and Mean score of customers' expectation on service responsiveness

Responsiveness	1	2	3	4	5	Total	Mean
Exp Rsponsiveness10	0	9	11	73	52	145	4.16
Exp Rsponsiveness11	1	3	6	33	102	145	4.60
Exp Rsponsiveness12	1	7	17	31	89	145	4.38
Exp Rsponsiveness13	3	15	10	62	55	145	4.04

Source own survey, 2013

As shown in the above table 5, out of the total 145 respondents, 52 of them responds strongly agree, 73 of them responds agree, 11 were neutral, 9 disagree and none of them responds highly disagree about their expectation that employees of banks will tell customers exactly when services will be performed. In addition, the mean score **4.16** is higher than the median value three which indicates customers' demands employees of banks to let them know accurately the time on which the service will be provided.

As indicated on table 5, for the variable Exp Rsponsiveness11, 102 of respondents responds strongly agree, 33 of them responds agree, 6 were neutral, 3 of them responds disagree and 1 respondent responds highly disagree and the significant difference between the mean value

(4.60) of customers response and the median value 3.00 magnifies that banks are highly expected by customers to provide their services without delay.

As illustrated on table 5 above, out of the total 145 respondents, 89 of the respondents responds strongly agree, 31 of them agree, 17 were neutral 7 disagree and 1 respondent responds highly disagree with mean score of **4.38** about their expectation on employees of banks will always be willing to help customers.

According to the above table 5, out of the total 145 respondents, 55 of them responds strongly agree, 62 of them agree, 10 were neutral, 15 of them responds disagree and 3 respondents respond highly disagree with mean score (**4.04**) higher than the median value of 3.00 about their expectation concerning employees of banks will never be too busy to respond to customer requests.

Table 6: Frequency and Mean score of customers' expectation on service assurance

Assurance	1	2	3	4	5	Total	Mean
Exp Assurance14	3	10	14	53	65	145	4.15
Exp Assurance15	0	7	8	48	82	145	4.41
Exp Assurance16	0	2	11	35	97	145	4.57
Exp Assurance17	0	1	15	49	80	145	4.43

Source own survey, 2013

As shown in the above table 6, out of the total 145 respondents, 65 of them responds strongly agree, 53 of them agree, 14 were neutral, 10 disagree and 3 respondents respond highly disagree with the mean score (**4.15**) higher than the median value 3.00 on the variable Exp Assurance14 which indicates that customers expect the behavior of employees in banks should have to instill confidence on customers.

As indicated on the above table 6, for the question Exp Assurance15, 82 of the respondents responds strongly agree, 48 of them responds agree, 8 respondents were neutral, 7 disagree and none of them responds highly disagree and the significant difference between the mean value **4.41** of customers expectation and the median value three magnifies the higher expectation of customers regarding safety of transactions.

As depicted on table 6, out of the total 145 respondents, 97 of them responds strongly agree, 35 of them agree, 11 were neutral, 2 disagree and none of them responds highly disagree about their expectation that employees of banks will be consistently courteous to customers with mean score **4.57**. The result indicates customers require employees of the banks to be polite to them at all times.

According to the above table 6, 80 of the respondents responds strongly agree, 49 of them agree, 15 were neutral, 1 disagree and none of them responds highly disagree for the variable Exp Assurance¹⁷ with mean score **4.43** which is higher than the median value. The above response of customers implies that they require banks to have employees who have the knowledge to answer customers' question about the service they provide.

Table 7: Frequency and Mean score of customers' expectation on service empathy

Empathy	1	2	3	4	5	Total	Mean
Exp Empathy18	4	13	9	52	67	145	4.14
Exp Empathy19	3	7	6	46	83	145	4.37
Exp Empathy20	3	10	8	46	78	145	4.28
Exp Empathy21	0	14	5	57	69	145	4.25
Exp Empathy22	0	5	11	55	74	145	4.37

Source own survey, 2013

As indicated on the above table 7, 67 of the respondents responds strongly agree, 52 of them agree, 9 were neutral, 13 responds disagree and 4 respondents respond highly disagree with a mean score of **4.14** which is higher than the median value regarding the variable Exp Empathy18. The above result indicates that customers expect banks to give them individual attention.

As shown in the above table 7, out of the total 145 respondents for the question Exp Empathy19, 83 of them responds strongly agree, 46 of them agree, 6 were neutral, 7 disagree and 3 respondents respond highly disagree. In addition the mean score have significant difference from the median value which indicates customers' demands banks to make their operating hours suitable to all their customers.

As illustrated on table 7 above, regarding the variable Exp Empathy20, 78 of the respondents responds strongly agree, 46 of them agree, 8 were neutral, 10 respondents respond disagree and 3 respondents respond highly disagree. And the mean score (**4.28**) exceeds the median value 3. This result indicates customers' expectation is higher concerning banks to have employees who give customers personal service.

As depicted on the above table, 69 of the respondents responds strongly agree, 57 of them responds agree, 5 were neutral, 14 of them responds disagree and none of them respond highly disagree on the variable Exp Empathy21 with mean score higher than the median value about their expectation that banks will have their customers' best interest at heart.

According to the above table, for the question Exp Empathy²², 74 of the respondents responds strongly agree, 55 of them responds agree, 11 were neutral, 5 disagree and none of them responds highly disagree. Adding up to the above data the mean score (**4.37**) of respondents response is higher than the median value which implies customers expect banks to have employees that understand their specific needs.

4.1.2. Frequency and Mean score of respondents response on perceived service performance of Dashen Bank S.C.

Table 8: Frequency and Mean score of customers’ response on perceived performance of tangibles

Tangibles	1	2	3	4	5	Total	Mean
Per Tangibles1	28	40	22	35	20	145	2.86
Per Tangibles2	22	44	19	37	23	145	2.97
Per Tangibles3	3	7	26	60	49	145	4.00
Per Tangibles4	18	50	20	29	28	145	2.99

Source own survey, 2013

As shown in the above table 8, out of the total 145 respondents:

For the question Per Tangibles1, 20 of them responds strongly agree, 35 of them agree, 22 were neutral, 40 disagree and 28 respondents respond highly disagree. And the mean score is **2.86**.

Regarding the variable Per Tangibles2, 23 of the respondents responds strongly agree, 37 of them agree, 19 were neutral, 44 respondents respond disagree and 22 respondents respond highly disagree with the mean score of **2.97**.

For the variable Per Tangibles3, 49 of them responds strongly agree, 60 of them agree, 26 were neutral, 7 respondents disagree and 3 respondents respond highly disagree. In addition, the mean score of respondents’ response is **4.00**.

The rate given by customers to wards Per Tangibles4 shows 28 of the respondents responds strongly agree, 29 of them agree, 20 were neutral, 50 of them disagree and 18 respondents respond highly disagree with the mean score **2.99**.

The above results indicates that the actual perceived performance of Dashen Bank were poor as seen by customers regarding the modernity of its equipments, attractiveness of the bank physical features and materials in the bank as there mean score is below the median value.

But, in relation to personality and neat appearance of the staffs the bank performance well with higher mean score than the median value.

Table 9: Frequency and Mean score of customers' response on perceived performance of reliability

Reliability	1	2	3	4	5	Total	Mean
Per Reliability5	15	20	32	64	14	145	3.29
Per Reliability6	12	20	22	68	23	145	3.48
Per Reliability7	10	15	17	74	29	145	3.67
Per Reliability8	3	11	47	55	29	145	3.66
Per Reliability9	4	23	16	69	33	145	3.72

Source own survey, 2013

As indicated on table 9, out of the total respondents:

On the variable Per Reliability5, which score a mean value of **3.29**, 14 of the respondents responds strongly agree, 64 of them agree, 32 were neutral, 20 of them responds disagree and 15 respondents respond highly disagree.

For the question Per Reliability6, 23 of them responds strongly agree, 68 of them agree, 22 were neutral, 20 disagree and 12 respondents respond highly disagree. And the mean value is **3.48**.

In relation to Per Reliability7, 29 of respondents responds strongly agree, 74 of them agree, 17 were neutral, 15 disagree and 10 respondents respond highly disagree with a mean value of **3.67**.

For the variable Per Reliability8 the mean score is **3.66** and the response of customers shows 29 of them responds strongly agree, 55 of them agree, 47 were neutral, 11 of them disagree and 3 respondents respond highly disagree.

Regarding the performance of Dashen Bank on Per Reliability9, 33 of them responds strongly agree, 69 of them agree, 16 were neutral, 23 disagree and 4 respondents respond highly disagree and the mean score is **3.72**.

The above analysis on customers' response implies that the bank were performing better relating to its ability to perform the promised service dependably and accurately because as all the mean scores of reliability elements are above the median value 3.00 but still they are near to the median value which shows that there is a room to the bank to improve its performance and provide reliable service to customers.

Table 10: Frequency and Mean score of customers' response on perceived performance of responsiveness

Responsiveness	1	2	3	4	5	Total	Mean
Per Rsponsiveness10	12	37	33	45	18	145	3.14
Per Rsponsiveness11	8	24	26	59	28	145	3.52
Per Rsponsiveness12	2	9	18	80	36	145	3.96
Per Rsponsiveness13	5	12	22	90	16	145	3.69

Source own survey, 2013

As illustrated on the above table 10, out of the total 145 respondents:

In relation to the variable Per Rsponsiveness10, the mean score is **3.14** and the response of customers' shows 18 of them responds strongly agree, 45 of them agree, 33 were neutral, 37 of them responds disagree and 12 respondents respond highly disagree.

Relating to the actual performance of the bank on Per Rsponsiveness11, 28 of them responds strongly agree, 59 of them agree, 26 were neutral, 24 respondents respond disagree and 8 respondents respond highly disagree with mean score of **3.52**.

For the question Per Rsponsiveness12, 36 of the respondents responds strongly agree, 80 of them agree, 18 were neutral, 9 respondents disagree and 2 respondents respond highly disagree. And the mean score is **3.96**.

Respondents response shows 16 of them responds strongly agree, 90 of them responds agree, 22 were neutral, 12 of them disagree and 5 respondents respond highly disagree with mean score of **3.69** about employees in the bank responds quickly to customers' request.

The above results of customers response shows that the mean values of employees willingness to help customers, their ability of providing on time service and the remaining responsiveness elements are all above the median value which shows the bank were performing good regarding responsiveness elements but the mean values were around or not far away from the median value which shows the bank should still perform better than its current performance.

Table 11: Frequency and Mean score of customers' response on perceived performance of assurance

Assurance	1	2	3	4	5	Total	Mean
Per Assurance14	3	8	34	77	23	145	3.75
Per Assurance15	2	5	15	85	38	145	4.05
Per Assurance16	1	12	24	56	52	145	4.01
Per Assurance17	4	13	17	55	56	145	4.01

Source own survey, 2013

According to the above table 11, out of the total 145 respondents:

23 of them responds strongly agree, 77 of them agree, 34 were neutral, 8 disagree and 3 respondents respond highly disagree and the mean score of respondents' response is **3.75** regarding the variable Per Assurance14.

38 of them responds strongly agree, 85 of them agree, 15 were neutral, 5 respondents respond disagree and 2 respondents respond highly disagree with a mean score of **4.05** about the question Per Assurance15.

52 of them responds strongly agree, 56 of them agree, 24 were neutral, 12 respondents disagree and 1 respondent respond highly disagree and the mean value is **4.01** in relation to employees in the bank are consistently courteous (polite) to customers.

56 of them responds strongly agree, 55 of them agree, 17 were neutral, 13 of them disagree and 4 respondents respond highly disagree and the mean score is **4.01** concerning the question employees in the bank have the knowledge to answer your questions.

From the above discussion we can understand that the current performance of the bank in relation to its employees knowledge and courtesy and their ability to convey trust and confidence on customers are all on the higher rank as their mean scores shows significant difference from the median value.

Table 12: Frequency and Mean score of customers' response on perceived performance of empathy

Empathy	1	2	3	4	5	Total	Mean
Per Empathy18	6	20	25	64	30	145	3.63
Per Empathy19	7	7	14	78	39	145	3.93
Per Empathy20	9	18	30	65	23	145	3.52
Per Empathy21	5	18	22	67	33	145	3.72
Per Empathy22	4	21	26	63	31	145	3.66

Source own survey, 2013

As shown in the above table 12, out of the total 145 respondents:

For the question Per Empathy18, 30 of them responds strongly agree, 64 of them agree, 25 were neutral, 20 of them responds disagree and 6 respondents respond highly disagree. And the mean score is **3.63**.

Regarding the variable Per Empathy19, 39 of them responds strongly agree, 78 of them agree, 14 were neutral, 7 disagree and 7 respondents respond highly disagree with the mean score of **3.93**.

The rate given by customers to wards Per Empathy20, shows 23 of them responds strongly agree, 65 of them agree, 30 were neutral, 18 respondents respond disagree and 9 respondents respond highly disagree. In addition, the mean score of respondents' response is **3.52**.

Respondents response shows 33 of them responds strongly agree, 67 of them agree, 22 were neutral, 18 of them disagree and 5 respondents respond highly disagree with mean score of **3.72** for the question the bank has your best interests at heart.

Relating to the actual performance of the bank 31 of them responds strongly agree, 63 of them agree, 26 were neutral, 21 disagree and 4 respondents respond highly disagree for the question the employees of the bank understand your specific needs. And the mean score is **3.66**.

The above analysis of data regarding empathy dimension implies the current performance of the bank regarding its ability to provide caring and individualized attention to customers including accessibility and ease of contact, effective communication and understanding the customers can be said better as all the mean scores for the above elements exceeds the median value.

4.1.3. Mean difference of respondents response

Table 13: Gap score of customers' response on tangibles

Tangibles	Mean of perceived	Mean of expected	Mean Difference
Per Tangibles1 – Exp Tangibles1	2.86	4.41	-1.55
Per Tangibles2 – Exp Tangibles2	2.97	4.26	-1.29
Per Tangibles3 – Exp Tangibles3	4.00	4.65	-0.65
Per Tangibles4 – Exp Tangibles4	2.99	4.38	-1.39
Average	3.21	4.43	-1.22

Source own survey, 2013

As shown in the above table 13 in relations to tangibles variables:

The difference of mean scores between Per Tangibles1 – Exp Tangibles1 is **-1.55** which shows that expectation of customers exceeds the perceived performance of the bank about the

modernity of the equipments in the bank. The negative gap score result also implies that customers are not satisfied with the equipments of the bank.

Per Tangibles2 – Exp Tangibles2 describes a mean difference of **-1.29** which shows that expectation of customers exceeds the perceived performance of the bank about the attractiveness of the physical facilities of the bank. In addition, the result indicates customers are dissatisfied on the stated variable and Dashen bank did not have visually appealing facilities as expected by its customers.

The difference of mean (**-0.65**) indicated in Per Tangibles3 – Exp Tangibles3 shows that the mean expectation score of customers exceeds the mean perceived performance score of the bank. This result indicates that customers of the bank are not satisfied regarding appearance neatness of the bank staffs. In addition to this the perceived performance of the bank about the attractiveness of the materials that associates with the service of the bank (such as pamphlets or statements) is less significantly by **1.22** from customers’ expectation. From this we can understand that materials that are found in Dashen Bank were not clear and understandable as expected by customers and the bank performance is poor and it should have to be improved to satisfy its customers.

Finally, when we sum up all the results that are illustrated above we can observe that in all the elements of tangibles dimension of service quality customers’ expectation is higher than the actual performance of the Dashen Bank. The above result also implies that the banks physical facilities, equipment’s and appearance of the staffs are not satisfactory to customers.

Table 14: Gap score of customers’ response on reliability

Reliability	Mean of perceived	Mean of expected	Mean Difference
Per Reliability5 – Exp Reliability5	3.29	4.38	-1.09
Per Reliability6 – Exp Reliability6	3.48	4.41	-0.93
Per Reliability7 – Exp Reliability7	3.67	4.17	-0.50
Per Reliability8 – Exp Reliability8	3.66	4.20	-0.54
Per Reliability9 – Exp Reliability9	3.72	4.02	-0.30
Average	3.56	4.24	-0.67

Source own survey, 2013

As shown on the above table 14, the gap between Per Reliability5 – Exp Reliability5 is **-1.09**. The result indicated that the mean of customers’ expectation about the ability of the bank to do something on the promised time is greater than the perceived performance by 1.09. This

implies that Dashen Bank have a problem in providing its services as promised and the result also shows there is negative disconfirmation which indicates customers are not satisfied.

According to the above table 14, the difference of mean scores between Per Reliability6 – Exp Reliability6 is **-0.93** which shows that expectation of customers exceeds the perceived performance regarding the banks interest in solving customers’ problem. From this we can understand that customers are dissatisfied because the bank was not giving the appropriate attention at all times to solve their problems.

In the above table 14, the reliability attributes, Per Reliability7 – Exp Reliability7 results with a gap score of **-0.50**. It proves that the actual performance is less than the expectation of customer regarding to the ability of the bank to perform the service right the first time. From this one can understand that customers are dissatisfied and seeking more improvement from Dashen bank to perform its services right the first time.

The difference of mean scores between Per Reliability8 – Exp Reliability8 is **-0.54** which shows that expectation of customers exceeds the perceived performance of the bank about how well the bank provides its service at the time it promises. The negative gap score implies the bank is not providing the service at the promised time which results in customer dissatisfaction.

As shown in the table 14 customers’ expectation regarding how well the bank maintains error free records is greater than the perceived performance by **0.30**. This result implies there is customer dissatisfaction regarding the ability of the bank on maintaining records accurate.

From the above discussions we can conclude that the Dashen Bank is not providing reliable service to its customers and customers are not satisfied regarding the ability of the bank to provide the promised service dependably and accurately.

Table 15: Gap score of customers’ response on responsiveness

Responsiveness	Mean of perceived	Mean of expected	Mean Difference
Per Rsponsiveness10 - Exp Responsiveness10	3.14	4.16	-1.02
Per Rsponsiveness11 - Exp Responsiveness11	3.52	4.60	-1.08
Per Rsponsiveness12 - Exp Responsiveness12	3.96	4.38	-0.42
Per Rsponsiveness13 - Exp Responsiveness13	3.69	4.04	-0.35
Average	3.58	4.30	-0.72

Source own survey, 2013

In table 15 above, Per Rsponsiveness10 - Exp Responsiveness10 which is about how well employees of the bank tell the exact time on which the service will be performed is illustrated

by the mean difference of **-1.02**. This implies that employees' of the bank have problem in relation to informing the exact time on which services will be provided. In addition, the large negative gap score also shows customers are dissatisfied by the less accurate information they gate from employees.

According to the above table 15, the difference of mean scores between Per Responsiveness11- Exp Responsiveness11 is **-1.08** which shows that expectation of customers exceeds the perceived performance of the bank regarding how well employees of the bank give prompt (on time) service to customers. The result indicates there is a delay when the bank provides service to customers which results in creating dissatisfaction on customers.

The mean gap score indicated on table 15 for Per Responsiveness12 - Exp Responsiveness12 (**-0.42**) represents the mean of expectation exceeded the mean of perceived performance score with regard to willingness of employees to help customers. Therefore, the analysis implies that customers of the bank were expecting more than the realized readiness of employees to be supportive to them.

As illustrated on table 15 above, the difference of mean scores between Per Responsiveness13- Exp Responsiveness13 is **-0.35** which shows that expectation of customers exceeds the perceived performance of the bank which implies employees of the bank are not quickly responding to customers' request.

According to the above results the bank is performing below the expectation of customers on all the responsiveness elements. In addition, customers are dissatisfied regarding employees ability to provide prompt service and their willingness to help customers.

Table 16: Gap score of customers' response on assurance

Assurance	Mean of perceived	Mean of expected	Mean Difference
Per Assurance14 – Exp Assurance14	3.75	4.15	-0.40
Per Assurance15 – Exp Assurance15	4.05	4.41	-0.36
Per Assurance16 – Exp Assurance16	4.01	4.57	-0.56
Per Assurance17 – Exp Assurance17	4.01	4.43	-0.42
Average	3.96	4.39	-0.44

Source own survey, 2013

As shown in the above table 16:

The gap scores Per Assurance14 – Exp Assurance14 (**-0.40**), Per Assurance15 – Exp Assurance15 (**-0.36**), Per Assurance16 – Exp Assurance16 (**-0.56**), and Per Assurance17 – Exp Assurance17 (**-0.42**) indicates that the difference of mean scores between customers'

expectation and perceived performance of Dashen Bank regarding the behavior of employees, security of transaction, courtesy and knowledge of employees respectively. As we see above all of the gap scores are negative which implies that the knowledge and courtesy of the bank employees and their ability to inspire trust and confidence including competence, courtesy, credibility and security are not as good as expected by customers. Based on this we can conclude that customers are not satisfied with the performance of the bank regarding assurance dimension of the service quality.

Table 17: Gap score of customers' response on empathy

Empathy	Mean of perceived	Mean of expected	Mean Difference
Per Empathy18 – Exp Empathy18	3.63	4.14	-0.51
Per Empathy19 – Exp Empathy19	3.93	4.37	-0.44
Per Empathy20 – Exp Empathy20	3.52	4.28	-0.76
Per Empathy21 – Exp Empathy21	3.72	4.25	-0.53
Per Empathy22 – Exp Empathy22	3.66	4.37	-0.71
Average	3.69	4.28	-0.59

Source own survey, 2013

As shown in the above table 17, the gap scores **-0.51, -0.44, -0.76, -0.53** and **-0.71** signifies that the difference of mean scores between customers' expectation and perceived performance of Dashen Bank concerning how well the bank gives individual attention to customers, the suitability of its operating hours, ability of employees to give personal attention, how well the bank understands its customers best interest at heart and understanding level of the bank employees about the specific needs of customers respectively. The negative gap scores implies that the bank is not performing as expected by customers and customers are not satisfied on the caring and individualized attention given by the bank to customers including access, communication and understanding.

4.1.4. Overall satisfaction level of customers

Table 18: Overall satisfaction level of respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Highly dissatisfied	6	4.1	4.1	4.1
	Dissatisfied	42	29.0	29.0	33.1
	Neutral	50	34.5	34.5	67.6
	Satisfied	39	26.9	26.9	94.5
	Highly satisfied	8	5.5	5.5	100.0
	Total	145	100.0	100.0	

Source own survey, 2013

Table 18 above shows the overall satisfaction of the respondents which indicates that 4.1% were highly dissatisfied, 29% were dissatisfied, 34.5% were neutral, 26.9% were satisfied and 5.5% were highly dissatisfied regarding their overall satisfaction level on the service quality of the bank. From the response it can be observed that large number of respondents are neutral and dissatisfied which indicates that the bank should work more to improve customers' satisfaction.

4.2. Relationship between service quality dimensions and customer satisfaction

The table below shows the nature of correlation exists between customer satisfaction and service quality dimensions. We can observe that all the five service quality dimensions have significant correlation with customer satisfaction.

Table 19: The relationship between Customer Satisfaction and Service quality dimensions

			Tangibles	Reliability	Responsiveness	Assurance	Empathy
Spearman's rho	Customer satisfaction	Correlation Coefficient	.674**	.701**	.696**	.739**	.747**
		Sig. (2-tailed)	.000	.000	.000	.000	.000
		N	145	145	145	145	145

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

As we see from the above table 19 the highest correlation is between Customer satisfaction and Empathy with correlation coefficient of 0.747 this strong correlation signifies the importance of human touch elements on customer satisfaction.

The other human touch variable assurance proved to have strong positive relationship with customer satisfaction by scoring the second highest correlation with correlation coefficient of 0.739.

Reliability scored the third highest correlation coefficient which is 0.701. This strong correlation shows the bank should provide reliable service to satisfy its customers.

Responsiveness scored the fourth highest correlation coefficient (0.696). The result shows the importance of responsiveness on customer satisfaction.

Based on the finding Tangibles also have strong positive relationship with customer satisfaction with correlation coefficient of 0.674. This large positive correlation shows the bank should give proper attention to all tangibles elements.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

This chapter presents the summary of findings, conclusion and recommendations of the study.

In this study the main aim was to assess the level of customer satisfaction on the service quality of Dashen Bank S.C, Addis Ababa branches. The study examined customer satisfaction with service quality dimensions. Out of the total 204 sample population 145 respondents respond to the questionnaire administered. Based on the findings and analysis of this research work the following summary of findings and conclusions were drawn and recommendations were forwarded with regard to the main aim of the research:

5.1. Summary of findings

As seen in the data analysis part on average large number of respondents responds that they were neutral and dissatisfied regarding their overall level of satisfaction on the service quality of Dashen bank.

The gap score on tangibles dimension elements were all negative which shows customers' expectation exceeds the bank performance and also this dimension of service quality scores the highest average negative mean gap score (-1.22) which implies customers were not satisfied regarding the physical facilities, equipments in the bank and appearance of the banks personnel.

Customers were not satisfied regarding the bank employees willingness to help customers and their performance on providing prompt service. In addition, all the mean gap scores of responsiveness dimension elements were negative and below satisfactory level.

The bank was not providing reliable service and customers were also dissatisfied regarding Dashen Bank ability to provide the promised services dependably and accurately as all the mean gap scores regarding tangibles dimension elements were negative.

Customers' expectation, on the knowledge and courtesy of employees and their ability to convey trust and confidence on customers, exceeds perceived performance of the bank and customers were not satisfied regarding assurance dimension of service quality.

The bank scores below satisfactory level on all the empathy dimensions elements as its performance were below customers' expectation. Thus, customers were not satisfied regarding the caring and individualized attention given by the bank and its employees.

Based on the average mean gap scores customers of Dashen bank S.C, Addis Ababa branches were not satisfied on, first tangibles (-1.22), second responsiveness (-0.72), third reliability (-0.67), fourth empathy (-0.59) and fifth assurance (-0.44) service quality dimensions.

The relationship between customer satisfaction and service quality dimensions were identified and well analyzed:

- Empathy dimension of service quality was found to be the first highly and strongly related dimension with customer satisfaction.
- Assurance, Reliability, Responsiveness and Tangibles consecutively were found to be the second, third, fourth and fifth service quality dimensions having direct and strong correlation with customer satisfaction.

5.2. Conclusion

Based on the findings of the study variety of outcome were drawn considering the research questions.

The finding of this study indicates that the five service quality dimensions (Tangibles, Reliability, Responsiveness, Assurance and Empathy) have significant and strong positive correlation with customer satisfaction.

Based on the finding it can be concluded that large numbers of customers of the bank are not satisfied or they are on the middle regarding their overall satisfaction level on the service quality of Dashen Bank S.C, Addis Ababa branches.

Tangibles dimension of service quality have significant and strong effect on customer satisfaction. But Dashen Bank branches that are found in Addis Ababa did not have modern equipments, visually appealing physical facilities and employees with attractive physical appearance that can satisfy the expectation of customers.

Providing service dependably and accurately determines the ability of the bank to deliver its services as promised and free from errors. However, the bank performs below the expectation of customers in providing services as promised, on the time it promises and right the first time. The bank also did not show sincere interest in solving customers' problem and there are problems on keeping records free from errors in the bank. As a whole Dashen Bank, Addis Ababa branches lack providing reliable services to their customers.

Responsiveness is also one of the essential service quality dimensions in relation to customers' satisfaction and customers demand banks to have employees which are ready to help customers and provide prompt service. But, employees of Dashen Bank that are found in Addis Ababa have problems on telling the exact time on which the service will be performed and they are not always willing to help customers. In addition, performances of employees in providing on time service and quickly responding to customers request are below satisfactory level.

Knowledge and courtesy of employees and their ability to inspire trust and confidence on customers are also other determinants of customer satisfaction. Nevertheless, customers of Dashen Bank didn't feel safe on the transactions they made in the bank and also employees of the bank are not polite as expected by customers. In addition, there is a gap that needs to be filled to improve the performance of the bank and satisfy customers regarding the knowledge and ability of employees to answer customers' question.

In relation to empathy dimension of service quality it has significant relation to customer satisfaction. Thus customers expect to be given special caring and individual attention at all times from banks that can increase their satisfaction level. In the reverse the bank have problems on giving individual attention and understanding customers' best interest. In addition, employees of the bank are not satisfying customers because they lacks to giving individual attention and understand their specific needs.

5.3. Recommendation

As per the findings and further analysis of this study the following recommendations are forwarded:

Tangibles dimension of service quality which is more focused on the physical element of the service as seen on the finding have strong correlation with customer satisfaction but scored highest negative gap score which shows customers are dissatisfied on the performance of the bank on tangibles dimension. So, managers and responsible bodies of the bank should address the problem by making their equipments modern and their physical facilities visually appealing through periodic renovation and refurnishing and the bank should also make its printable advertising materials and statements more attractive by preparing them in clear, understandable and visually appealing manner (this might require selecting print houses that use high standard and modern print machines). In addition, employees should appear neat to customers to satisfy them.

Being reliable to customers, which is the ability to perform the promised service dependably and accurately, have significant effect on satisfying customers as well as making them loyal and also it increases their reputation of purchase but the study indicates that perceived performance of the bank is below customers' expectation. To satisfy customers the bank should keep its promises by telling customers the truth regarding the services it provide and the exact time on which it provides and at most it should also make records free from errors.

Willingness to help customers and provide prompt service will satisfy customers. The finding of this thesis indicates the bank performs below the satisfactory level. Thus, management body of the bank should provide the necessary service materials, facilities and system to improve the staff efficiency in service delivery and makes them able to tell exactly when the service will be performed, to give prompt service and reply to customers request quickly.

Empathy and Assurance which are found to be the first and second service quality dimensions respectively having direct and strong relationship with customer satisfaction are still below the satisfactory level. Thus, managers of the bank should improve the employees' knowledge, behavior and make them to be trusted by customers (this needs hiring competent staff, providing periodic and continuous training) and also managers should improve the courtesy given to customers by trying to improve hospitality given by employees through training.

In general, the bank performed below the expectation of its customers on the service quality dimensions. Therefore, the bank should give greater attention to improve its service quality and satisfy its customers by meeting or exceeding customers expectation through assessing and improving the gaps on all the service quality dimensions and employing other necessary strategies which will result in reputation of purchase, word of mouth and customer loyalty that helps the bank to stay competitive in the industry and increase its market share and profit.

Further research suggestions

In this research project, the researcher has assessed the level of customer satisfaction on the service quality of Dashen Bank S.C, Addis Ababa branches and it covers only ten branches of the bank and alsbbho the sample size was only 204 customers. So, for future the researcher recommends others to investigate similar issue by including all or most of the branches of the bank and by taking large number of sample size. In addition, it is also better if other customer satisfaction measurement instruments to be applied to find out other factors that can affect customer satisfaction.

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APPENDICES

II. Customers Expectations

Please tick the number that you feel most appropriate for each feature on the left to say a bank is satisfactory on the service it provides on a scale of the point where 1= highly disagree 2= Disagree 3= Neutral 4= Agree and 5= strongly agree.

S.N	Variables	Scale				
		1	2	3	4	5
	Tangibles					
1	Banking companies need to have modern equipment.					
2	The physical facilities at banks will be visually appealing.					
3	Employees at banks will be neat in their appearance.					
4	Materials associated with the service (pamphlets or statements) at banks will be visually attractive.					
	Reliability					
5	When banks promise to do something by a certain time, they will do.					
6	When a customer has a problem, banks will show a sincere interest in solving it.					
7	Banks will perform the service right the first time.					
8	Banks will provide the service at the time they promise to do so.					
9	Banks will insist on error free records.					
	Responsiveness					
10	Employees of banks will tell customers exactly when services will be performed.					
11	Employees of banks will give prompt (on time) service to customers.					
12	Employees of banks will always be willing to help customers.					
13	Employees of banks will never be too busy to respond to customers' requests.					
	Assurance					
14	The behavior of employees in banks will instill (fill) confidence in customers					

S.N	Variables	Scale				
		1	2	3	4	5
15	Customers of banks will feel safe in transactions.					
16	Employees of banks will be consistently courteous (polite) with customers.					
17	Employees of banks will have the knowledge to answer customers' questions.					
	Empathy					
18	Banks will give customers individual attention.					
19	Banks will have operating hours convenient (suitable) to all their customers.					
20	Banks will have employees who give customers personal service.					
21	Banks will have their customers' best interest at heart.					
22	The employees of banks will understand the specific needs of their customers.					

III. Customers perception

The following statements relate to your feelings about **Dashen Bank S.C.** Please show the extent to which you believe **Dashen bank** has the feature described in the statement on a scale of the point where 1= highly disagree 2= Disagree 3= Neutral 4= Agree and 5= Strongly agree.

S.N	Variables	Scale				
		1	2	3	4	5
	Tangibles					
1	The bank has modern looking equipment.					
2	The bank's physical features are visually appealing.					
3	The bank's employees are neat appearing.					
4	Materials associated with the service (such as pamphlets or statements) are visually appealing at the bank.					
	Reliability					
5	When the bank promises to do something by a certain time, it does so.					
6	When you have a problem, the bank shows a sincere interest in solving it.					
7	The bank performs the service right the first time.					
8	The bank provides its service at the time it promises to do so.					
9	The bank insists on error free records.					
	Responsiveness					
10	Employees in the bank tell you exactly when the services will be performed.					
11	Employees in the bank give you prompt (on time) service.					
12	Employees in the bank are always willing to help you.					
13	Employees in the bank are never too busy to respond to your request.					

S.N	Variables	Scale				
		1	2	3	4	5
	Assurance					
14	The behavior of employees in the bank instills (fill)confidence in you.					
15	You feel safe in your transactions with the bank.					
16	Employees in the bank are consistently courteous (polite) with you.					
17	Employees in the bank have the knowledge to answer your questions.					
	Empathy					
18	The bank gives you individual attention.					
19	The bank has operating hours convenient (suitable) to all its customers.					
20	The bank has employees who give you personal attention.					
21	The bank has your best interests at heart.					
22	The employees of the bank understand your specific needs.					

❖ What is your overall satisfaction level towards the service quality of Dashen Bank

S.C. please circle your answer.

1. Highly dissatisfied
2. Dissatisfied
3. Neutral
4. Satisfied
5. Highly satisfied

Thank you for your kind cooperation.

APPENDIX 2

Respondents' characteristics

Gender and Age of Respondents

Personal data	Number of respondents	Percentage
Gender		
Male	95	65.5
Female	50	34.5
Age		
18-30	62	42.76
31-45	45	31.03
46-60	36	25.83
Over 60	2	1.38

Education level of Respondents

Education level	Frequency	Percentage
High school	0	0
Certificate	0	0
Diploma	9	6.21
First degree	110	75.86
Second degree and above	26	17.93
Total	145	100

APPENDIX 3

Description of variables

Description of Expectation variables

Variables	
Tangibles	
Exp Tangibles1	Banking companies need to have modern equipment.
Exp Tangibles2	The physical facilities at banks will be visually appealing.
Exp Tangibles3	Employees at banks will be neat in their appearance.
Exp Tangibles4	Materials associated with the service (pamphlets or statements) at banks will be visually attractive.
Reliability	
Exp Reliability5	When banks promise to do something by a certain time, they will do.
Exp Reliability6	When a customer has a problem, banks will show a sincere interest in solving it.
Exp Reliability7	Banks will perform the service right the first time.
Exp Reliability8	Banks will provide the service at the time they promise to do so.
Exp Reliability9	Banks will insist on error free records.
Responsiveness	
Exp Responsiveness10	Employees of banks will tell customers exactly when services will be performed.
Exp Responsiveness11	Employees of banks will give prompt (on time) service to customers.
Exp Responsiveness12	Employees of banks will always be willing to help customers.
Exp Responsiveness13	Employees of banks will never be too busy to respond to customers' requests.
Assurance	
Exp Assurance14	The behavior of employees in banks will instill (fill) confidence in customers
Exp Assurance15	Customers of banks will feel safe in transactions.
Exp Assurance16	Employees of banks will be consistently courteous (polite) with customers.
Exp Assurance17	Employees of banks will have the knowledge to answer customers' questions.
Empathy	
Exp Empathy18	Banks will give customers individual attention.
Exp Empathy19	Banks will have operating hours convenient (suitable) to all their customers.
Exp Empathy20	Banks will have employees who give customers personal service.
Exp Empathy21	Banks will have their customers' best interest at heart.

Exp Empathy22	The employees of banks will understand the specific needs of their customers.
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Description of Perception variables

Variables	
Tangibles	
Per Tangibles1	The bank has modern looking equipment.
Per Tangibles2	The bank's physical features are visually appealing.
Per Tangibles3	The bank's employees are neat appearing.
Per Tangibles4	Materials associated with the service (such as pamphlets or statements) are visually appealing at the bank.
Reliability	
Per Reliability5	When the bank promises to do something by a certain time, it does so.
Per Reliability6	When you have a problem, the bank shows a sincere interest in solving it.
Per Reliability7	The bank performs the service right the first time.
Per Reliability8	The bank provides its service at the time it promises to do so.
Per Reliability9	The bank insists on error free records.
Responsiveness	
Per Rsponsiveness10	Employees in the bank tell you exactly when the services will be performed.
Per Rsponsiveness11	Employees in the bank give you prompt (on time) service.
Per Rsponsiveness12	Employees in the bank are always willing to help you.
Per Rsponsiveness13	Employees in the bank are never too busy to respond to your request.
Assurance	
Per Assurance14	The behavior of employees in the bank instills (fill) confidence in you.
Per Assurance15	You feel safe in your transactions with the bank.
Per Assurance16	Employees in the bank are consistently courteous (polite) with you.
Per Assurance17	Employees in the bank have the knowledge to answer your questions.
Empathy	
Per Empathy18	The bank gives you individual attention.
Per Empathy19	The bank has operating hours convenient (suitable) to all its customers.
Per Empathy20	The bank has employees who give you personal attention.
Per Empathy21	The bank has your best interests at heart.
Per Empathy22	The employees of the bank understand your specific needs.

APPENDIX 4
Correlation analysis
Correlations

			Customer satisfaction	Tangibles	Reliability	Responsiveness	Assurance	Empathy
Spearman's rho	Customer satisfaction	Correlation Coefficient	1.000	.674**	.701**	.696**	.739**	.747**
		Sig. (2-tailed)	.	.000	.000	.000	.000	.000
		N	145	145	145	145	145	145
	Tangibles	Correlation Coefficient	.674**	1.000	.977**	.982**	.977**	.960**
		Sig. (2-tailed)	.000	.	.000	.000	.000	.000
		N	145	145	145	145	145	145
	Reliability	Correlation Coefficient	.701**	.977**	1.000	.980**	.957**	.979**
		Sig. (2-tailed)	.000	.000	.	.000	.000	.000
		N	145	145	145	145	145	145
	Responsiveness	Correlation Coefficient	.696**	.982**	.980**	1.000	.975**	.977**
		Sig. (2-tailed)	.000	.000	.000	.	.000	.000
		N	145	145	145	145	145	145
	Assurance	Correlation Coefficient	.739**	.977**	.957**	.975**	1.000	.967**
		Sig. (2-tailed)	.000	.000	.000	.000	.	.000
		N	145	145	145	145	145	145
	Empathy	Correlation Coefficient	.747**	.960**	.979**	.977**	.967**	1.000
		Sig. (2-tailed)	.000	.000	.000	.000	.000	.
		N	145	145	145	145	145	145

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

APPENDIX 5

Sample size determination table

Sample Size for $\pm 3\%$, $\pm 5\%$, $\pm 7\%$, and $\pm 10\%$ Precision Levels where Confidence Level Is 95% and $P=.5$.				
Size of Population	Sample Size (n) for Precision (e) of:			
	$\pm 3\%$	$\pm 5\%$	$\pm 7\%$	$\pm 10\%$
500	A	222	145	83
600	A	240	152	86
700	A	255	158	88
800	A	267	163	89
900	A	277	166	90
1000	A	286	169	91
2000	714	333	185	95
3000	811	353	191	97
4000	870	364	194	98
5000	909	370	196	98
6000	938	375	197	98
7000	959	378	198	99
8000	976	381	199	99
9000	989	383	200	99
10000	1,000	385	200	99
15000	1,034	390	201	99
20000	1,053	392	204	100
25000	1,064	394	204	100
50000	1,087	397	204	100
100000	1,099	398	204	100
>100000	1,111	400	204	100

a = Assumption of normal population is poor. The entire population should be sampled. (Yamane, 1967)

APPENDIX 6
Branches name and Address

City Branches	Address
Main	Sierra Leone St, Near to NOC Fuel Station, Garad Bldg.
Africa Andinet	Roosvelt St, Behind AU Head Quarter, Yezelalem Bldg.
Bole	Africa Avenue, behind Handicap Int'l, Garad Bldg.
Golla	Tesema Aba Kemaw St, Garad Bldg.
Kality	DebreZeitRd, near to Kality Food Complex Factory, Natan Bldg.
Kera	Tanzania St, in front of Atelefugne Bar & Restaurant, Bulgaria Matoria (Begtera), Near to NOC Fuel Station, G/Kidan T/Giorgies Bldg.
Lideta	Chad St, Near to Police Hospital, AlsamChelelek Bldg.
Messalemia	Messalemia, Near to ShewaTsega Bldg.
Tana	Merkato, Tana trade Center /Tana Bldg.
GurdSholla	Around Ethiopian Telecommunication, GurdSholla , Meher Bldg.
Bole Medhanialem	Cameroon St, Bright Tower Bldg, BoleMedhanialem
YererBer	Around Imperial Hotel, SamiBldg, Gerji.
Piazza	DeguelSq, in front of Oslo Café, Piazza
Megenagna	Equatorial Guinea St, Lem Hotel
Gullele	Ambo Rd, Gullelearea, Martha
Lagar	In front of Eth. Shipping Lines & Logistics Service Enterprise (ESLSE), Eth. Insurance Corporation (E.I.C) Bldg.
Sebategna	Dej. Mekonnen Demesew St, Merkato ,Sebategna, to the right side of Sebategna Total Fuel Station, Dire Bldg.
Saris	DebreZeitRd., Saris area in front of Nifas Silk Paint Factory, Dawi Bldg.
Abakoran	Fit. Habte Gyorgis St, Raguel-Merkato, Yirga Haile Bldg.
Goffa	Mauritius St, around Gofa Gabriel Church, Kebede Baye Bldg.
TikurAnbessa	TikurAnbessa Area, Dres Bldg.
Kolfe	Kolfe Atana Tera, Berehan Chora Bldg.

Meskel Flower	Gabon St,Meskel Flower Area,Tebebu Bldg.
Arada	Belay ZelekeRd,SorAmba Hotel
City Branches	Address
City Council	Behind A.A City Hall,TafesseAbebe Bldg.
WuhaLimat	Haile GebreSilase St, COMET Bldg.
Bisrate Gabriel	South Africa St/ Victory Rd,Adot Multiplex Bldg.
CMC	Megenagna to Hayat Rd, Four Y Bldg.
Lebu	Ring Road, around Nifas Silk Lafto Sub City Gov't Office, LaftoMebrat Hail Sq, DH Andinet Bldg.
Bomb Tera	Merkato,BombTera, Fana Bldg.
GerjiMebrat Hail	Near to GerjiMebrat Haile Electric Power Station.
Taitu	Mundy St,Near to office of Federal Auditor General,Enat Bldg.
MehaGebeya	At the center of Merkato,Jabulini Bldg.
Airport	Cameroon St.,near to Brass Hospital,ABCO Bldg.
Ayer Tena	JimmaRd,In front of Ayer Tena high School,Near to the main Sq.
Saris Abo	DebreZeitRd,SarisAbo,In front of EBG,Balestra Bldg.
BihereTsige	BihereTsige,near to AVON Industries Plc.
Alem Bank	AlemBank,near to Taxi Station
Lafto	Around Lafto Primary School,WAI MESHA Bldg.
KalityGabriel	DebreZeitRd,nextot Crown Hotel
Amist Kilo	In front of A/A univ. institute of Technology,behind National Musium,Mekaneyesus Bldg.
Balderas	Opposit to British Embassy, Negash Bldg.
Adwa Adebabay	KenenisaAve.,in front of Megenagna Ring Rd,Metebaber Bldg.
Bole Micheal	Rwanda St,BoleMicheal Sq.
Ayat	Ayat, Addis Continental Public Health institution Bldg.
Beshale	Summit Sq, Right side of the Safari School, Kidus Bldg.
Kotebe	DessieRd,near to Selam Int'l. or KT Aluminum Factory
Keranyo	In front of Keranyo Church, AnchinAlu Bldg.

Signal

Kenenisa Avenue, Same side to the Magic Carpet high School