Addis Ababa University
College of Business and Economics
Department of Management

THE EFFECT OF SERVICE QUALITY ON CUSTOMER SATISFACTION: THE CASE OF COMMERCIAL NOMINEES BRANCHES.

BY: ABINET TSEGAAB

A Thesis Submitted to College of Business and Economics Department of Management, Addis Ababa University, in Partial Fulfillment of the Requirements for the Degree of Masters of Science in Management.

Advisor: Yohannes Workaferahu (PhD)

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DECLARATION

I hereby declare that this thesis entitled **"**The Effect Of Service Quality On Customer Satisfaction: The Case Of Commercial Nominees Branches**.",** has been carried out by me under the guidance and supervision of Yohannes Workaferahu (PhD)

The thesis is original and has not been submitted for the award of any degree or diploma to any university or institutions.

Researcher's Name	Date	Signature
_____	_____	_____

STATEMENT OF CERTIFICATE

This is to certify that **Abinet Tsegaab** has completed his thesis entitled **"The Effect Of Service Quality On Customer Satisfaction: The Case Of Commercial Nominees Branches."** is his original work and is submitted for examination with my approval as a thesis.

Yohannes Workaferahu (Ph.D.)   _____   _____

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Addis Ababa University

College of Business and Economics

Department of Management

This is to certify that the thesis entitled, **"The Effect Of Service Quality On Customer Satisfaction: The Case Of Commercial Nominees Branches."** was carried out by Abinet Tsegaab under the supervision of Yohannes Workaferahu (Ph.D.) submitted in partial fulfillment of the requirements for the degree of Master of Science complies with the regulations of the University.

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Name of External Examiner   Signature   Date

_____   _____   _____

Name of the Internal Examiner   Signature   Date

Yohannes Workaferahu (Ph.D.)   _____   _____

Name of Advisor   Signature   Date

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Acronyms

BOD: Board of Directors

CN: Commercial Nominees

CBE: Commercial Bank of Ethiopia

CBB: Construction and Business bank

CSO: Customer Service Officer

HR: Human Resource

IT: Information Technology

NPP: Normal Probability Plot

PLC: Private Limited Company

SPSS: Statistical Package for Social Sciences

SQ: Service Quality

VIF: Variance Inflation Factor

Abstract

The main purpose of this study is to investigate the effect of service quality on customer satisfaction. In addition it tries to measure customer satisfaction and the quality of service offered by Commercial Nominees branches .The five dimensions of SERVPERF model i.e. tangibility, reliability, responsiveness; assurance and empathy were used to measure the quality of service offered by Commercial Nominees branches. In order to answer raised research questions, both primary and secondary sources of data were used. The primary data were collected through collecting questionnaire. Probabilistic sampling procedure was used to obtain 155 responses from customer of Commercial Nominees who visited the companies selected district branches recently. Descriptive statistics such as frequency, mean and standard deviation techniques are applied to analyze background information of respondents. Respondents' perception on service quality and satisfaction as well as relationship between service quality dimensions and customers satisfaction are also analyzed under descriptive statistics. Besides, regression analysis technique is applied to investigate the impacts of service quality dimensions on customer satisfaction. Therefore, service quality has a positive and significant effect on customer satisfaction .The correlation results indicate that there is a positive correlation between the dimensions of service quality and customer satisfaction. The research proves that reliability, responsiveness and assurance play the most important role in customer satisfaction level and CN Branches can improve their service by focusing on reliability, responsiveness and assurance of service quality dimensions.

Key Words: Customer Satisfaction, Service Quality, SERVPERF

CHAPTER ONE

1. INTRODUCTION

1.1. Background of the study

An organization that consistently satisfies its customers, enjoy higher retention levels and greater profitability due to increase customer loyalty (Wicks & Roethlein, 2009). In the service rendering companies, success and sustainability depends on various factors such as accountability, quality service and changes in technology (Hossan, 2012). The highest profit making firms are not necessarily the most powerful ones. Consequently, this is because profit is just one achievement of a firm (Karim, 2014). Therefore companies should keep in mind not to focus on shareholders alone but also the customers and the quality of service they offer them. Customers' satisfaction will affect the overall performance of the companies in the long run. Todays' economy is about maintaining old customers and attracting new customers to thrive in the market (Ramzi, 2010)

Although many scholars and researchers attempts to explain and measure customer satisfaction, there still does not appear to be a consensus regarding its definition (Giese and Cote, 2000). Customer satisfaction is an experience based assessment made by the customer of how far his own expectations about the individual characteristics or the overall functionality of the services obtained from the provider have been fulfilled (Bruhn, 2003).

There are many decisive factors which determine customer satisfaction level of a specific organization. Service quality in addition to other elements such as product quality, price and others, determine customer satisfaction satisfaction (Wilson, A., Zeithaml ,V.A., Bitner M.J., and Gremler ,D.D., 2008). As Clemes (2008). Many other literatures and studies also supports that service quality has an effect on the level of customer satisfaction. Rust and Oliver (1994) stated that quality is one dimension on which satisfaction is based. According to Shemwell, Yavas and Bilgin (2008), in today's world of intense competition, the key to sustainable competitive advantage lies in delivering high quality service that will in turn result in satisfied customers.

The whole service provision and consumption process of service rendering companies requires an interaction between the service providing company and the consumer. And the interaction starts from the point customers approach to the company in order to purchase and deliver

products and services respectively for the first time. To this end, Commercial Nominees branches acts as a door to the company and customers make their first contact to the company through a total of 41 branches available across the county.

According to Parasuraman et al (1988), the larger the gap between a company's and customer's perceptions concerning both service products and service delivery, the smaller the probability of satisfying the customers. This indicates that service rendering companies should have more profound understanding of their customer's needs.Moreover, majority of service quality and customer satisfaction studies conducted in financial and service rendering companies focused on service quality and customer satisfaction levels. Studies conducted on CN service quality and customer satisfaction level also aimed at the post purchase (after delivery) service performance of the company and the related customer satisfaction level. However, like the post purchase(after delivery) service performance and customer satisfaction assessment, the quality of service provided at branches and customers' satisfaction level on the service they get at the service encounter should get enough study attention.

1.2. Statement of the problem

Consumer awareness, competition and standard of living are forcing many businesses to pay more attention to customer satisfaction strategy (Kadir et al., 2011).

Customers' satisfaction and service quality are interlinked and this creates value for customer. If customers are offered services that they expect or that exceed their expectation, they will have a positive view about a firm. On the other hand if customers feel they got less value than what they expected, their attitude towards a given firm will be negative and they may pass this attitude to potential customers (Chau & Kao, 2009). If satisfaction is there, then customers will become loyal but if customers are dissatisfied their loyalty is not guaranteed. Hence management should pay special focus on the satisfaction and this starts with offering quality service (Mohsan et al., 2011).

CN branches serve as service providers for the company and customers' first contact point to get required products and services from the company. The number of customers using branches increased significantly after the company introduced employment services and road compensation years back. Besides payment activity, sales of ethio telecom products are provided

at branches in addition to other tasks. Branches also serve as information centers to customers in addition to the company's expanding its service. .

The interactions, point of contact or encounters between customer service officers at those selected district branches and customers are the major component of service quality and customer satisfaction. As Diane and Eduardo (2006) stated, while many factors are important in improving service quality, customer perception of the quality of service is strongly influenced by the social interactions they experience with employees. The behaviors of frontline service employees are critical to customer evaluation of the service encounter (Hartline, Maxham and McKee, 2000). As Amy (2004) stated the contact employee plays an important role in the delivery of service quality as well as the formation of customer satisfaction. In this case customer service officer and other employees in branches have an important role in delivering quality service and guarantying customer satisfaction. As a good service provider, a company and its staff should be ready to respond to customers' queries about products and services offered (Ojo, 2010). Customers expect to interact with business people who are willing to respond promptly about the product or service they are promoting or offering. This gives a company a competitive advantage compared to others of retaining customers. It reflects readiness of employees and their ability to serve the customers as soon as required (Hossan, 2012).

The problem of this study is primarily observed by the fact that majority of previous researches or empirical documentation in the area of customer satisfaction and service quality regarding the country's sole government owned outsourcing and service rendering company, CN, are highly focused on the after service delivery performance and customer satisfaction level. However, the quality of services provided and customers' satisfaction level by the provided branches services should get more attention just like the focus given to after service delivery performance and customers' satisfaction level.

Moreover, Service quality and customer satisfaction have been proven from past researches to be positively related (Kuo, 2003, Baker-Prewitt, 2000, Gera, 2011) Although much empirical evidence could be found in the literature worldwide investigating the relationship between service quality and customer satisfaction, this domain has not been much considered in Ethiopia's context. A lot of research on service quality and its association with customer

satisfaction have been conducted in developed countries. Therefore this study contributes to the literature by studying this phenomenon in the service rendering companies in developing country i.e. Ethiopia. Therefore, the purpose of this research is to examine the effect of service quality on customer satisfaction in Commercial Nominees PLC.

Therefore, the purpose of this study is to close the research gap by determining the effect of service quality on customer satisfaction in Commercial Nominees branches.

1.3. Research Questions

Based on the identified research problem, the research questions are formulated as follows and the study tried to provide answers for the following major questions:

- What is the current level of service quality in CN branches?
- What is the effect of service quality dimension on customer satisfaction in CN branches?
- Is there a significant relationship between customer satisfaction and the service quality dimensions?

1.4.   Objective of the study

The purpose of this study is to examine the relationship between customer satisfactions and service quality at selected district CN branches with respect to the service quality dimensions

Specific objectives of this study are:
- To assess the quality of service provided in CN branches.
- To examine the overall customer satisfaction level with the services provided in CN branches.
- To examine if there is a relationship between service quality dimensions and customer satisfaction in branches services.

1.5.   Scope and Limitation of the study though

Even though this topic concerns the employees and customers, the researcher concerned in viewing this subject from the customer perspective and customers who consume services. Hence the purpose of this study limited to the five dimensions of service quality and the effect that these dimensions have on customer satisfaction. Limitation of willingness of respondent may also occur, moreover, it is difficult to conduct the study in all company's branches because of time,

finance, and to manage the research. Geographically, the study also be limited to CN customers who uses the company's district branches located in the capital city, Addis Ababa

1.6. Significance of the study

Even though limited in number, So far researches on the subject area in CN mainly focus on the branch and corporate level service performance and customer satisfaction related with different types of services provided by the company. This study contributes to the knowledge on service quality and customer satisfaction level in CN branches.

The study findings also be relevant input to the management of CN in identifying the existing strength and/or weakness of service quality delivery and level of customers satisfaction experienced by customers during their visit to the company's branches.

Unlike the current stiff competitive situation of the service rendering industries in the country, In the near future the company is planned to be the most competent one. Hence the study helps the new entrants in to the industry to understand the existing status of satisfaction level at branches and to come up with the improved customer service level.

Table 1.1 Definitions of key Terminologies and Concepts

Term	Definition
Customer Satisfaction	Satisfaction is the consumer's fulfillment response. It is a judgment that a product or service feature, or the product of service itself, provided (or is providing) a pleasurable level of consumption-related fulfillment, including levels of under- or over-fulfillment. (Oliver, 1997).
Service Quality	Service quality is the discrepancy between consumers' perceptions of services offered by a particular firm and their expectations about firms offering such services. (Parasuraman, 1985)
Service Encounter	A service encounter is an instance of face-to-face interaction between a server who is 'officially posted' in some service area, that interacting being oriented to the satisfaction of the customer's presumed desire for some service and the server's obligation to provide that service (Merritt, 1977).
Branches	*Branches* are a place where services are made.
SERVPERF	SERVPERF is a service quality model which measures service quality by using the perceptions of customers.
Tangibility	*CN branches* overall appearance, employees' appearance, completeness and modernity of facilities & equipment in *branches*

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Reliability	Ability of *CN branches* and its customer service officers and other employees to perform the promised service accurately and dependably
Responsiveness	The willingness of customer service officer and other employees in CN branches to provide prompt service and help customers.
Assurance	The knowledge and courtesy of customer service officers and other employees in *CN branches* and their ability to convey trust and confidence on customers
Empathy	The ability of the *CN branches* and customer service officers and other employees to provide a carrying and individualized attention to customers. and understand customers need

1.7. Organization of the study

The introduction part of the study is chapter one, which includes Background information, problem statement, research questions, objective of the study, operational definitions, significance and delimitation of the study are discussed in this chapter.

In the next chapter, chapter two, existing literatures related to service quality and customer satisfaction is assessed. Commercial Nominees's brief background information with existing studies related to service quality and customer satisfaction which focused on the company presented and theoretical frame work on the relationship between customer satisfaction and service quality developed.

The third chapter explains the methodology and data collection of the study. The research design and research methods explained in this chapter starting from how the data collection instrument is prepared an d how the collected data is analyzed.

The following chapter, chapter four, discusses the results and analysis of the study with interpretations. And the last chapter, chapter five, presents summary, conclusion and recommendation based on the analysis result and recommendations provided by the researcher.

CHAPTER TWO
REVIEW OF RELATED LITERATURE

2.1. Definition of Service

Many scholars define 'service' in different ways: for example kottler; 2003;128 defined service as "any activity or benefit that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical product". Any intangible actions that are performed by person or machines or both to create good perception within users called service. Although services are performed by service providers and consumer together its quality results in perception and value assessment by the customer (Rao; 2007)

Services are a continuous process of on-going interactions between customers and service providers comprising a number of intangible activities provided as premium solutions to the problems of customers and including the physical and financial resources and any other useful elements of the system involved in providing these services (Grönroos, 2004).

2.2. Service Quality

In today's increasingly competitive business environment, service quality is essential for the success of any organization. Service quality is important aspect that affects the competitiveness of business.

The challenge in defining quality is that it is a subjective concept, like beauty. Everyone has a different definition based on their personal experiences.
Service quality is a concept that has aroused considerable interest and debate in the research literature because of the difficulties in both defining it and measuring it with no overall consensus emerging on either (Wisniewski, 2001).

There are many researchers who have defined service quality in different ways. For instance, Bitner, Booms and Mohr (1994, p. 97) define service quality as 'the consumer's overall impression of the relative inferiority / superiority of the organization and its services'. While other researchers (e.g. Cronin and Taylor, 1994; Taylor and Cronin, 1994) view service quality as a form of attitude representing a long-run overall evaluation. Roest and Pieters' (1997)

defined that service quality is a relativistic and cognitive discrepancy between experience-based norms and performances concerning service benefits. Crosby (1979) defined service quality as "Conformance to requirements". This definition implies that organizations must establish requirements and specifications. Once these specifications are established, the quality goal of the various functions of an organization is to comply strictly with them.

As described by Lewis and Booms (1983) giving quality service implies meeting the requirements to customer expectations regularly. Also Parasuraman, et al (1985) defined service quality as "the degree and direction of discrepancy between consumer's perceptions and expectations in terms of different but relatively important dimensions of the service quality, which can affect their future purchasing behavior.'' This definition clearly shows that service quality is what customers' assess through their expectations and perceptions of a service experience. Customers' perceptions of service quality result from a comparison of their before-service expectations with their actual service experience.

Service quality has been increasingly recognized as a critical factor in the success of any business (Parasuraman, Zeithaml & Berry, 1988). Ladhari (2008) also supported the role of service quality and stated that it is considered as an important tool for a firm's struggle to differentiate itself from its competitors (Ladhari, 2008).

The service will be considered excellent, if perceptions exceed expectations; it will be regarded as good or adequate, if it only equals the expectations; the service will be classed as bad, poor or deficient, if it does not meet them(Vázquez *et al*., 2001). "The cumulative customer satisfaction is seen to be based on the total purchase and consumption experience with a good or service over time and as such, is a more fundamental indicator of the firms past, current and future performance."(Anderson; 2003:53) Quality evaluations derive from the service process as well as the service outcome. "A vague exhortation to customer contact employees to "improve quality" may have each employee acting on his/her notion of what quality is. It is likely to be much more effective to tell a service contact employee what specific attributes service quality includes, such as responsiveness. Management can say, if we can improve our responsiveness, quality will increase" (Asubonteng et al; 1996:63).

In an effort to conceptualize service quality by taking in to account all the aspects of customer perceived service quality, including those already addressed in the existing instruments and those that are left out in the empirical service quality literature), Sureshchander *et al.* (2001 cited in Dehghan, (2006)) identified five factors of service quality as critical from the customers' point of view. These factors are: Core service or service product, human element of service delivery, Systematization of service delivery: non-human element, tangibles of service – services capers and Social responsibility.

Service quality models

There are many service quality models developed by different researchers over years. Selected service quality models are reviewed below.

I. Technical and functional quality model:

According to (Grönroos 1984), a firm in order to compete successfully must have an understanding of consumer perception of the quality and the way service quality is influenced. Seth, Deshmukh & Vrat (2004) reviewed this model and explained that Managing perceived service quality means that the firm has to match the expected service and perceived service to each other so that consumer satisfaction is achieved. Service quality has three components, namely: technical quality; functional quality; and image (Grönroos 1984):

II. GAP model:

Service quality is a function of the differences between expectation and performance along the quality dimensions (Parasuraman et al. 1985). They developed a service quality model based on gap analysis.

The various gaps visualized in the model are:

Gap 1: Gap between consumer expectation and management perception: This gap arises when the management or service provider does not correctly perceive what the customer wants or needs. I.e. Difference between consumers" expectation and management's perceptions of those expectations.

Gap 2: Gap between management's perceptions of consumer's expectation and service quality specification: This is when the management or service provider might correctly perceive what the customer wants, but may not set a performance standard. I.e. improper service-quality standards.

Gap 3: Gap between service quality specifications and service actually delivered. I.e. the service performance gap. This gap may arise in situations pertaining to the service personnel.

Gap 4: Gap between service delivery and external communication: Consumer expectations are highly influenced by statements made by company representatives and advertisements. The gap arises when these assumed expectations are not fulfilled at the time of delivery of the service.

Gap 5: Gap between expected service and experienced service.
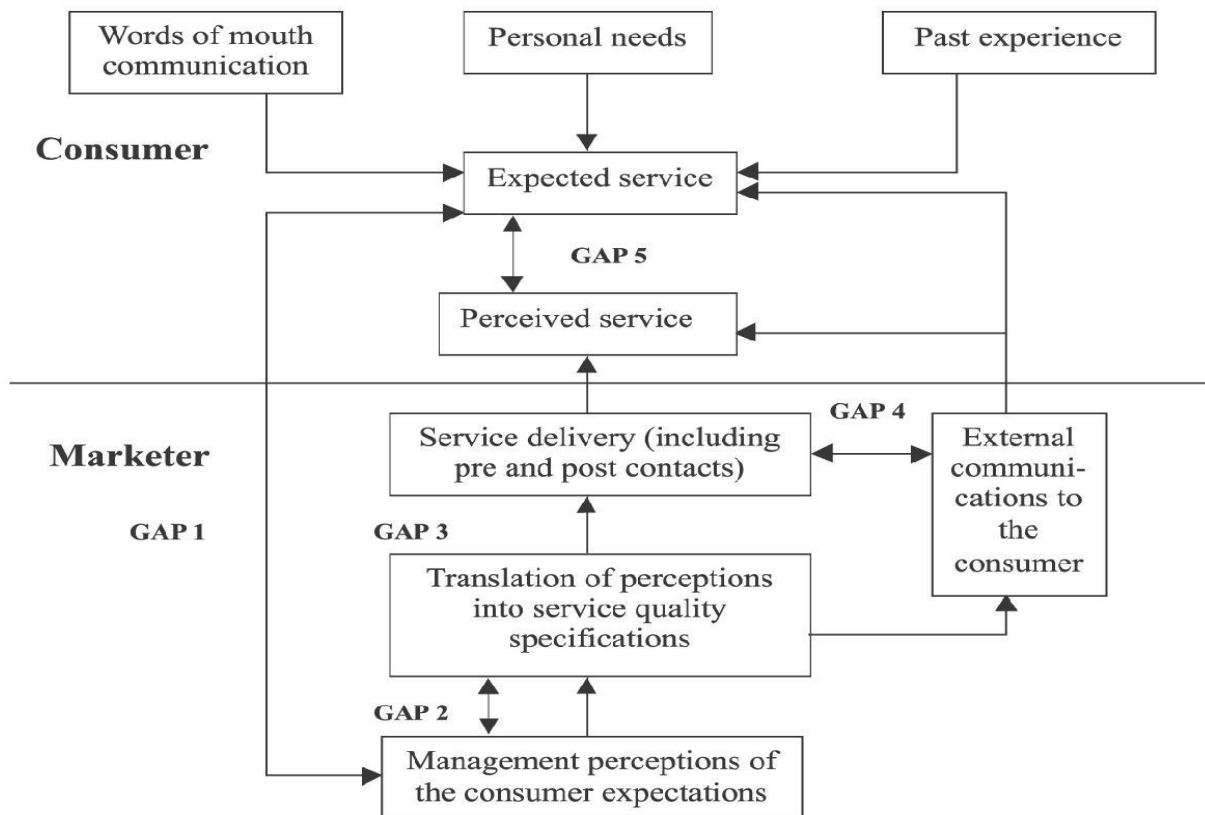
Source: Parasuraman *et al.* (1985)

Figure 2.1 GAP service quality model

2.3. Service quality measurement

Many researchers have struggled with the issue of how to measure service quality. Perhaps the most widely used measure is based on a set of five dimensions which have been consistently ranked by customers to be most important for service quality, regardless of service industry. These dimensions defined by the SERVQUAL measurement instrument are as follows:

Tangibles: appearance of physical facilities, equipment, personnel, and communication materials;

Reliability: ability to perform the promised service dependably and accurately;

Responsiveness: willingness to help customers and provide prompt service;

Assurance: knowledge and courtesy of employees and their ability to convey trust and confidence; and

Empathy: the caring, individualized attention the firm provides its customers.

These five SERVQUAL dimensions are used to measure the gap between customers' expectation for excellence and their perception of actual service delivered. The SERVQUAL instrument, when applied over time, helps service providers understand both customer expectations, perceptions of specific services, and areas of needed quality improvements. SERVQUAL has been used in many ways, such as identifying specific service elements requiring improvement, and targeting training opportunities for service staff. Proper development of items used in the SERVQUAL instrument provides rich item-level information that leads to practical implications for a service manager.

2.3.1. The SERVQUAL and the SERVPERF Models

The most widely used models in measuring quality in the service industry in general and in the banking sector in particular are the SERVQUAL and the SERVPERF models. Since the SERVPERF was curled out of the SERVQUAL, the literature on both models are reviewed.

2.3.1.1. The SERVQUAL Model

SERVQUAL is one of the tools used in measuring the quality of services. According to Buttle (1996), SERVQUAL is for the measuring and managing the quality of service. Asubonteng et al (1996) also intimate that the model is used to measure the quality of services from the customer's point of view. The originators of the model are Parasuraman, Zeithaml and Berry. It was

developed in 1985 but was polished or refined in their subsequent articles (Parasuraman et al 1988).

The main aim of SERVQUAL is to have a standard and a reliable tool that can be used to measure the quality of services in different service sectors, (Curry and Sinclair, 2002). Originally, those who developed SERVQUAL introduced ten service quality dimensions or attributes. These are: tangibles, reliability, responsiveness, competency, courtesy, communication, credibility, security, access and understanding the customer. However in the1988 article, these were pruned to five (Parasuraman et al 1988). These are; tangibles, reliability, responsiveness, assurance and empathy. Tangibility refers to the physical environment in which the service provider operates. It comprises the physical facilities available, workers, and equipment and communication materials. Reliability concerns the ability with which the service organization can deliver the service dependably and accurately. Empathy on the other hand, is about the special care and attention given to individual customers when being served. Responsiveness is also the preparedness of the service provider to assist customers and render as quick or prompt service as possible.

Assurance too is in connection with the knowledge and the courteous attitude of staff and their ability to instill trust and confidence in customers. Based on the five service quality dimensions, two sets of twenty-two statements or questionnaire are developed, (Donnelly et al 1995 and Iwaarden et al, 2003). The questionnaires are a seven-point likert scale. Robinson (1999) also explains that one set is about customers expectations (expectation of service quality before using the service) and the other set measures customer perceptions (perceptions of quality after using the service). The difference between the two; perceptions (P) and expectations (E) constitute the service quality gap. The quality gaps according to Parasuraman (2004) and and Tahir and Bakar (2007) are five. These are:

- Gap 1: The difference between what customers really (actually) expect and what management think (perceptions) of customers expectations. Donnelly et al (1995) are of the view that the gap occurs because management did not undertake in-depth studies about customers' needs. Also there are poor internal communication and insufficient management structures. This gap is referred to as the understanding or knowledge gap.

- Gap 2: Is what is called the standard gap. It is the difference between management perceptions of customer service quality expectations and service quality specifications.

- Gap 3: This gap is also known as the delivery gap. The difference between service quality specifications and the actual service quality delivered. This means the failure to ensure that service performance conforms to specifications. Donnelly et al (1995) contend that the failure emanates from absence of commitment and motivation, insufficient quality control systems and insufficient staff training.

- Gap 4: This gap too is termed as the communication gap. It is the difference between the delivery of service and the external information (communication) regarding promises made to customers or implied .Examples of medium used for the external communication are media and customer contracts, (Donnelly et al 1995).

- Gap 5: Is the difference between customers'´ expectation of service quality and the actual service received.

However a limitation of the model is that the five service quality dimensions are not universal and cannot be applied in all service industries, (Ladhari 2009, Saurina Canals 1997, Buttle 1996 and Robbinson 1999). They contended that it depends on the context in which the dimensions are applied since the definitions and the number differ. For instance, the results of the study of Babakus and Boller (1992) on an electric and gas utility company using SERVQUAL suggest that the dimension of this industry is one and not five. This has been confirmed by the study of Mels et al (1997). In their case only two dimensions were found. In the same vein, Cronin and

Taylor cited in Jun and Cai (2001:278) conducted an investigation into the banking, pest control and dry cleaning and fast food industries and found that, there was no evidence of the five dimensions. Also, the study of, Johnston (1995) and Joseph et al (1999) in the banking industry did not support the five dimensions. The study of the former unveiled 18 service quality attributes whilst that of the latter found six dimensions.

Buttle (1996) opines that there is but a little proof that customers evaluate the quality of service on the basis of the different between perceptions and expectations. Alluding to this, Ladhari (2009) intimates that researcher's advance that the difference scores do not give any additional information beyond that already existed in the perceptions' items. This has been supported by the study of Babakus and Boller (1992). The results showed that the perceptions' score was the

dominant contributor to the gap scores. Buttle (1996) further posit that the model dwells on the process delivery but not on the outcome of the service encounter. Buttle again punched holes in the likert-scale. He contended that, it is defective or flaw whilst the use of the two sets of questionnaire are tired-some and confusing. Though credited with the fact that it furnishes information concerning the gaps between perceptions and expectations of the quality of service, it fails to provide clues to the closure of these gaps, (Tan and Pawitra, 2001).

Gilmore cited in Kumar et al (2009: 213) put forward that, the five service quality dimensions are highly inter-correlated or related. Ladhari (2009) accentuate that the factor-loading pattern of the model unearths some weaknesses in the convergent validity in some studies. Thus, most of the SERVQUAL's 22 items have higher loadings on dimensions that are different from those suggested by those who developed the model. For example, the study of Engelland et al (2000) show that there was an excessive cross-loading as three items belonging to the assurance dimension loaded on the empathy dimension. In the same vein, only one item from the tangibles dimension loaded on the tangibles dimension. The results of the research of Lam (1997) also reveal that items belonging to the assurance, responsiveness and empathy dimensions tended to load in an unstable manner.

In spite of the numerous criticisms, SERVQUAL has been adopted for conducting many studies. It is therefore held in high esteem (Buttle 1996). Other points in favor of SERVQUAL as enumerated by Tan and Pawitra (2001) are given below. The model in general lays bare the strengths and weaknesses of the quality of service provided by organizations. In this way, areas of weaknesses can be prioritized by the organization. Another important merit of the model is that it serves as the standard for organizations to measure the quality of service in the same industry. Apart from this, it serves as a signal to management to take into consideration the perceptions of both management and customers. It also helps management to know customers' impressions about the service purchased. The analysis of the quality gaps assist management immensely to draw their strategies to meet customers' expectations.

2.3.1.2. The SERVPERF Model

The SERVPERF model was carved out of SERVQUAL by Cronin and Taylor in 1992. SERVPERF measures service quality by using the perceptions of customers. Cronin and Taylor argued that only perception was sufficient for measuring service quality and therefore expectations should not be included as suggested by SERVQUAL (Baumann et al, 2007). Studies conducted by researchers like Babakus and Boller, Brady et al., Brown et al., and Zhou cited in Carrillat et al (2007:473) have supported that of Cronin and Taylor. Therefore, advocates of SERVPERF hold the view that it is a better alternative to SERVQUAL.

SERVPERF however has suffered a setback. According to Gilmore and McMullan (2009), Taylor and Cronin's examined the psychometric properties of the SERVPERF scale and the results of a multi-industry study in 1994 suggested that SERVPERF lacks consistency and a generalized factor structure. As a result of that, the following recommendations were made:

- Practitioners should adapt the factor structure of the service quality data for specific or different settings.
- Academic researchers should revisit their research objectives so that a reliable and valid multidimensional scale of service quality that could be generalized across service settings should be applied.

Sight must not be lost on the fact that, whilst SERVQUAL measures the quality of service via the difference between the perceptions and expectations (P-E) of customers, SERVPERF only uses perceptions. Again, SERVPERF adopts the five dimensions of SERVQUAL and the 22-item scale in measuring the service quality. Based on the above, Cronin and Taylor cannot claim to have developed a new model (SERVPERF). In fact it was more or less a suggestion they made.

2.4. Customer Satisfaction

Customer satisfaction has been a subject of great interest for organizations and numbers of marketing researches, because customers are key stakeholders in organizations and their satisfaction is a priority for sustainable growth. As Kittler (1997) stated, in an increasingly competitive environment companies must be customer oriented and the underpinning of the

marketing concept is that identification and satisfaction of customer needs leads to improved customer retention (Day, 1994).

There is no universally accepted single definition for customer satisfaction. As Giese and Cote (2002) stated, despite extensive research in the years since Cardozo's (1965) classic article, researchers have yet to develop a consensual definition of consumer satisfaction. Oliver (1997 cited in Giese and Cote, 2002) addresses this definitional issue by paraphrasing the emotion literature, noting that "everyone knows what satisfaction is until asked to give a definition. Then it seems, nobody knows". Different authors and researchers of marketing and other disciplines tried to define customer satisfaction on their own way through time.

Oliver (1997) stated that customer satisfaction is the consumer's fulfillment response. It is a judgment that a product or service feature, or the product or service itself, provided (or is providing) a pleasurable level of consumption-related fulfillment, including levels of under- or over fulfillment. On other definition from Oliver (1997) is that customer satisfaction is as an overall emotional response to an entire service experience for a specific service encounter after purchasing consumption. Halstead, Hartman, and Schmidt (1994) defined customer satisfaction as a transaction-specific affective response resulting from the customer's comparison of product performance to some pre-purchase standard. Satisfaction can also be a person's feelings of pleasure or disappointment that results from comparing a product's perceived performance or outcome with their expectations (Kotler & Keller, 2009).

Customer satisfaction is defined by one author as "the consumer's response to the evaluation of the perceived discrepancy between prior expectations and the actual performance of the product or service as perceived after its consumption" (Tse & Wilton, 1988) hence considering satisfaction as an overall post-purchase evaluation by the consumer" (Fornell, 1992). Gustafson (2005) also defines customer satisfaction as a customer's overall evaluation of the performance of an offering to date. This overall satisfaction has a strong positive effect on customer loyalty intentions across a wide range of product and service categories.

Customer satisfaction is considered a pre requisite for customer retention and loyalty, and obviously helps in realizing economic goals like profitability, market share, return on investment, etc. (Scheuing, 1995; Reichheld, 1996; Hackl and Westlund, 2000). An organization

that consistently satisfies its customers, enjoy higher retention levels and greater profitability due to increase customer loyalty (Wicks &Roethlein, 2009). Gibson (2005) put forward that satisfied customers are likely to become loyal customers and that means that they are also likely to spread positive word of mouth.

Duodu and Amankwah (2011) stated that, according to research, a very satisfied customer is nearly six times more likely to be loyal and to re-purchase and recommend a product/service to family and friends than a customer who is just satisfied. It is again believed that satisfied customers tell five other people about their good treatment, and that five-percent increase in loyalty can increase profits by 25% - 85%. Conversely, the average customer with a problem eventually tells eight (8) to ten (10) other people (SPSS White paper, 1996; Limayem, 2007 cited in Duodu and Amankwah, 2011). Other studies also share this concept, a satisfied customer is six times more likely to repurchase a product and share his experience with five or six other people (Grönroos, 2000;Zairi, 2000); further unsatisfied customer can banish more business from the organization than ten highly satisfied customers do (Mohsan, 2011). Once again it's possible to conclude that customer satisfaction is a key to sustainable growth and survival in competitive market environment.

2.5 Empirical review

2.5.1 Relationship between Service quality and Customer satisfaction

In the previous section of this chapter it is stated that Oliver (1997) defined customers' satisfaction as an overall emotional response to an entire service experience for a specific service encounter after purchasing consumption. This and many other definitions of customer satisfaction imply that there is a relationship between the service quality and customer satisfaction at service encounter. However there is no clear agreement between researchers over the antecedents of service quality and satisfaction. Dehghan (2006) stated a study, carried out by Bitner (1990) on 145 tourists in an international airport, which suggested satisfaction as the antecedent to service quality (Satisfaction → service quality). On the other hand, there are many other researchers who concluded that service quality is the antecedent to satisfaction (Ahmad and Kamal, 2002; Cronin and Taylor, 1992; Yavas et al., 1997 cited in Dehghan, 2006). Iacobucci, D., Ostrom, A. & Grayson, K., (1995) also stated that satisfaction is a positive outcome of

providing good service. Service quality has linear relationship with success and profitability of business. General Electric (GE) has invested heavily in quality service and in return they earned huge profits every year. GE considered both tangible and intangible aspects of service quality equally important in the success of organization (Tax & Brown, 2012) The literature reveals an increased degree of positive relationship between service quality, customer satisfaction and performance (both financial and non-financial) where face-to-face dealing between customer and employee is the only focus. Technology expansion has had a great impact on the choice of service delivery standard and services marketing strategies. This has yielded many prospective competitive advantages including augmenting of productivity and enhanced revenue creation from new services (Muyeed, 2012).

Since customer satisfaction has been considered to be based on the customer's experience on a particular service encounter, (Cronin & Taylor, 1992) it is in line with the fact that service quality is a determinant of customer satisfaction, because service quality comes from outcome of the services from service providers in organizations.

Most research findings indicate that to increase the level of customer satisfaction organizations should provide a high level of service quality as service quality is normally considered an antecedent of customer satisfaction. Service quality in addition to other elements such as product quality, price and others, determine customer satisfaction (Wilson , Zeithaml, Bitner and Gremler, 2008). As Clemes (2008) also stated, service quality was only one of many dimensions on which customer satisfaction was based; satisfaction was also one potential influence on future quality perceptions.

Expectations and perceptions, customer satisfaction and service quality are the most significant variables in literature. The expected service quality refers to the expectations of customer related to service and the features which customers want service to have in order to be satisfied. Thereby, whether customers are satisfied with received service or not is closely related their expectations come true or not (Yılmaz, 2007). In other words, the service package provided should meet the expectations of customers so that perceived service quality can be fulfilling (Alnıaçık ve Özbek ,2009). For example, if one of the most important expectations of a customer about the service provided by the hotel where s/he stays is the breakfasts and dinners provided as an open buffet, the customer would be satisfied during his/her stay in hotel when this expectation

is fulfilled. Otherwise, s/he would have dissatisfaction (Yılmaz, 2007). Regarding the relationship between customer satisfaction and service quality, Oliver (1993) first suggested that service quality would be antecedent to customer satisfaction regardless of whether these constructs were cumulative or transaction-specific. Service quality has been becoming the most powerful weapon of competition. Quality is a multidimensional fact. Therefore, obtaining the service quality without differentiating the important parts of quality is impossible. According to a common definition, service quality is defined as the total attributes of a service which gives it the ability to satisfy customers' demands (Kotler and Keller, 2006).Perceived service quality has impact on two matters, customer satisfaction and customer loyalty (Gil, Hudson and Quintana, 2006).

The fact that the nature of services is intangible and goods are tangible is one of the major differences between services and goods. Services have four characteristics which distinguish them from products: Intangibility, that is a service cannot be touched or tasted; inseparability, that is a service cannot be separated from its provider; variability, that is the quality of a service is dependent on how and when it is serviced; perishability, that is services are not storable for later use (Amstrong and Kotler, 2006). Measurement of service quality can be more complicated because services are intangible. Service quality measurement means how much the service offered meets the customers" expectations.

2.5.2 Service quality and customer satisfaction studies related to commercial Nominees p.l.c

A study related to service quality and customer satisfaction with CN services was conducted by different researchers Yeshitela (2018).The finding of the study shows that customers are satisfied on reliability, empathy and assurance while they are dissatisfied on responsiveness and tangibility. The finding on the base of correlation analysis also implies that the relationship between service quality dimensions and customer satisfaction is analyzed and the result shows all service quality dimensions have positive and significant relation with customer satisfaction. The finding also confirms the service quality dimensions have an impact on customers' satisfaction implying that the higher the quality of service, the higher is the level of customers' satisfaction. From this finding, it can be summarized that Commercial Nominees can improve its service by mostly focusing on responsiveness and tangibility of service quality dimensions.

2.6. Conceptual Frame Work

The conceptual framework is the blue print of the research work that guides the researcher to conceptually understand the research and outline and operationalize the dependent and the independent variables so that the measurement, processing, analysis of the data and interpretation of the result been easy and meaningful. Customer satisfaction is believed to affect post-purchase perception and future decisions of customers. According to Cronin and Taylor (1992) service to customers and quality service are a vital antecedent of customer's satisfaction. From the above discussion of literature review, it is clear that there is a relationship between service quality and customer's satisfaction where the former eventually leads to customer's satisfaction. Literature availed a number of models to measuring service quality. SERVQUAL and SERVPERF are among the models which researcher are using most often. Both models use five service quality dimensions. The empirical studies also shows that service quality dimensions have relations with service quality. It is evident that service quality dimensions have impact on customer satisfaction as various articles and journals show though with varying degree. SERVPERF model is an improvised model of Parasurman"s SERVQUAL. While SERVPERF main stay is perceived service quality, SERVQUAL approach integrates the service quality and satisfaction. Having reviewed both theories and empirical studies on service quality on the one hand and the Commercial Nominees service delivery scenario on the other hand, the following conceptual frame work is drawn for this study.

2.6.1. Conceptual Framework work
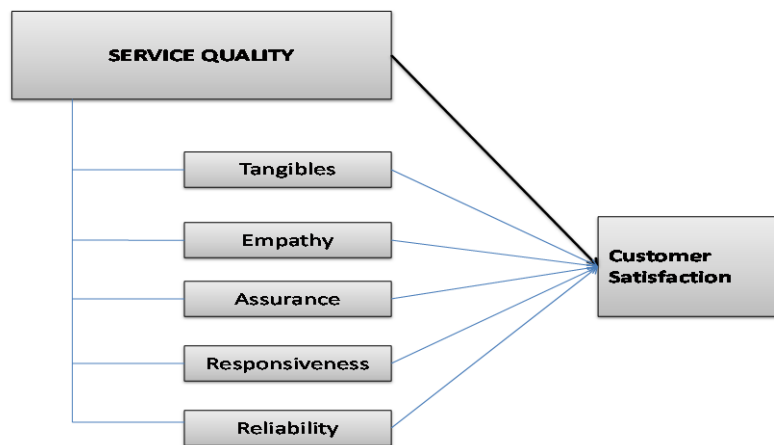
Figure 2.2: 2010 Institute of Interdisciplinary Business Research

2.7. Hypothesis Testing

Based on the above conceptual framework the following research hypotheses are formulated to be tested.

- ✓ H01: Service Quality Dimension (Tangibles) **will not** have a positive & significant effect on customer satisfaction.
- ✓ H02: Service Quality Dimension (reliability) **will not have a positive & significant effect on customer satisfaction.**
- ✓ H03: Service Quality Dimension (responsiveness) will not have a positive & significant effect on customer satisfaction.
- ✓ H04: Service quality dimensions (Assurance) will not have a significant positive direct effect on customer satisfaction.
- ✓ H05: Service quality dimensions (Empathy) will not have a significant positive direct effect on customer satisfaction.

Therefore, the regression equation model is:

LCS =ß0-ß1ai+ß2ri+ß3ri+ ß4ai-ß5ei+ £i

Where: LCS = is the dependent variable, i.e. customer satisfaction

- ✓ Tan: Tangibles
- ✓ Rel: Reliability
- ✓ Res: Responsiveness
- ✓ Ass: Assurance
- ✓ Emp: Empathy
- ✓ LCS: Customer satisfaction
- ✓ £: Error term

CHAPTER THREE
RESEARCH METHODS AND DATA COLLECTION

3.1 Site Selection and description of the Study area

Commercial Nominees p.l.c was established in 1965 by commercial bank of Ethiopia Sh.co and mortgage company of Ethiopia that are known today as Commercial bank of Ethiopia (CBE) and Construction and Business bank (CBB). Commercial Nominees plc. is therefore, founded and owned by the two banks. But operating as an independent business entity. CN is service rendering company engaged in the business of: Pension payment, provident and employees' benefits funds administration, private trust fund administration, share dealing activities salary payment service, real estate and property administration, money transfer service, compensation and other payments, employment service, mobile card product distribution and buying and selling flat and story buildings. Due to the regime change to Derg, Commercial Nominees could not further expand and remained dormant devoid of any expansion. This particularly attributable to the fact that the Derg Regime was very restrictive towards business and private sector operation which inhibited the owner not to see the feasibility of CN"s further expansion and growth.

After the down fall of Derg Regime, Commercial Nominees in 1990"s restructured and entered into the business afresh. The Company organized as PLC with proper business structure at the helm of which we find the BOD and the management. The management structure contains departments and services entrusted with either core or support function. Marketing and business development department, finance and account department, legal service, audit service, HR and logistic department and IT and planning department of the organization play support role .Similarly, employment service department and operation department assume the responsibility of executing the core tasks. The core function the latter two departments focusing include delivering outsourced services of various forms to customers.

The company provides local employment service for clerical and non-clerical provisions, mainly security guard, cleaning and other clerical services.

CN is distributor of Ethio telecom products at the south east region. It distribute the product to retailers through sub-distributors and own outlets opened at Bishoftu, Modjo, Asela, Robe, Wenji, Adama, and Metehara & Zeway.

Geographically, the study also be limited to CN customers who uses the company's district branches located in the capital city, Addis Ababa

3.2 Data Type and Source

3.2.1 Data Type

Since the objective of the research is to examine the relationship between customer satisfaction and service quality with the five dimensions of SERVQUAL model, which is quantitative in nature and use numerical and statistical data, the study used quantitative data. To this end, the researcher tried to test the relationship between customer satisfaction and service quality dimensions by SERVQUAL model.

3.2.2 Source of Data

In order to answer the raised research questions, both Primary and secondary data sources used in this study. To this end, the main primary sources of data for this research study were customers of CN (users of the service). Whereas the secondary source of data were the company internal customer service policy manual, company website, internal publications of the company and past studies in the area, journals and articles related to the area of the study

3.3 Research Strategy and Design

3.3.1 Research Strategy

The researcher used a quantitative research method. A research that focuses primarily on the construction of quantitative data follows a quantitative method (Kent, 2007, p. 10, 570). It was because the researcher collects quantitative data and the analysis method is quantitative, the research strategy that was used in this study was quantitative research strategy

3.3.2 Research design

A quantitative research design approach using a descriptive survey applied in the study. The study is descriptive in that it seeks to describe in detail the state of customer satisfaction and

service quality in CN district branches, thus giving an in depth understanding of the reality of customer satisfaction with service quality in CN district branches. Moreover, the research used Cross sectional surveys where Data collected at one point in time.

To accomplish the study objective and to answer the stated research questions, descriptive statistics such as frequency, percentage, mean and standard deviation were used to assess service quality and measure customer satisfaction level in CN district branches. Inferential statistics such as correlation and regression were also applied to identify the relationship and effect of service quality dimensions and customer satisfaction respectively.

3.4 Target Population and sampling
3.4.1 Target population

Population refers to the entire group of people, events, or objects of interest that a researcher wishes to investigate. It is a complete set of elements that possess some common characteristic defined by the sampling criteria established by the researcher. It forms the basis from which the sample or subjects will be drawn (Bryman & Bell 2011).

The target population of the study was CN customers who came to get product or service through district branches found in the capital city, Addis Ababa. The researcher chose existing customers because the lion's share of the company's customers is the existing one.

3.4.2 Sampling design and Procedures

The sample size refers to a subset of the larger population. Knowing the sample size is important for collecting accurate results. Bryman and Bell (2011) suggested that the sample size must be carefully selected to be a representative of the population. The researcher chooses to draw Sample from the entire population for the study because it is difficult to cover the entire population. Hence, Out of this total population, sample sizes of 155 respondents selected from selected 5 district branches. Probabilistic sampling technique followed to get response from the study participants. From the total CN branches found in Addis Ababa city, 5 district branches selected for the survey randomly. Then from the selected 5 district branches, 155 Participants where 105 male and 50 female be selected using non probabilistic quota sampling technique when they visit the selected 5 district branches to get different services.

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- ❖ Total Target Population: 500 (Source:CN District branches annual report Addis Ababa ,2019)
- ❖ Sample size: 155
- ❖ Taro Yamane (1967) with 5 % error tolerance

$n = N / (1 + N (e^2))$

n =Sample Size

N = Population Size

$n = 500 / (1+500(0.05)^2$

n = 155

e = error tolerance.

Table 3.1. Sample Size Distribution

Sampling Branch	Location	Sample Size
CN North District Branch	Kolfe	**31**
CN south District Branch	Saris	**31**
CN West District Branch	Merkato	**31**
CN East District Branch	Megenagna	**31**
CN Central District Branch	Lideta	**31**
Total		**155**

3.5 Data collection and Instruments

Questionnaire developed and prepared as a data capture instrument. The ultimate purpose for this choice of data capture instrument is because; based on the fact that research method which is quantitative method; questionnaire is the best way to collect quantitative data. The research is a structured questionnaire, whereby the respondents are limited with their answers and respondents be told about the purpose of the collection of data. The questionnaire has divided in to three parts. The first part consists of seven questions and is prepared to gather basic demographic

characteristics (information) of respondents, their purpose of visit to district branches of CN.

In the second part respondents were requested to respond their level of agreement towards the twenty two statements constructed to show items of service quality dimensions on a five point likert scale. Only performance perceptions of customers is measured which means the researcher mainly use the SERVPERF version of the original SERVQUAL scales. Based on this questionnaire is developed by including the five dimensions of service quality and the 22 items of the SERVPERF model. They were distributed among the five dimensions of service quality as follows; four items are categorized under the tangibility dimension, five items are related to the reliability dimension, four items correspond to responsiveness dimension, four items distributed to assurance dimension and finally the remaining five items are part of the empathy dimension.

The last part was to rate the overall level of their satisfaction during their experience in district branches of CN.

The questionnaire has two parts, the English version and Amharic version .It was first prepared in English language and later translated to Amharic. Test survey was conducted using 25 respondents to check the understandability and reliability of the questionnaire. Grammatical and spelling error was identified and corrected on both translations to make it clear for the main survey respondents based on feedbacks received from test survey respondents

3.6 Data collection Procedures

The questionnaire is conducted through personal contact by the researcher and his assistances. The researcher conducted a pilot test of 25 surveys, 5 in each branch to see how easy it is for the respondents to answer the questions, to identify and eliminate potential problems associated with question content, wording and format as a quality control measure .Based on the feedback received during the pilot test, the questionnaire was modified The final data collection conducted at the selected 5 district branches. The data collection completed within a month where respondents were requested to fill the questionnaire during their way out of CN branches.

3.7 Data Processing and Analysis

3.7.1 Data Processing

Data collected primarily later stored in the Microsoft excel program. Then the stored data further analyzed using the latest version 20 of statistical package for social sciences (SPSS) software.

3.7.2 Data Analysis

According to Walliman (2011) data analysis is a process of gathering, modeling and transforming data with an aim of retrieving useful information, suggesting conclusions and supporting decision making. Before data was analyzed and presented it has to be organized. This involves putting the data into some systematic form (Jackson, 2009).

In order to analyze the data of this study using quantitative analysis, the researcher used both descriptive and inferential statistics such as correlation and regression analysis. The reason for using descriptive statistics is because the researcher wanted to summarize the data collected in tables and graphs for better understanding for the reader and for the researcher to easily examine the results. (Agresti & Finlay, 2009, p. 4). Data also presented by tables, and graphs. Inferential statistics was also used in the application of inductive reasoning. This consisted of correlation coefficient which reveals the magnitude and direction of relationships. It also used regression (Walliman, 2011). This established the general view among customers on the effect of service quality attributes on customer satisfaction .Also the reason the researcher has to use inferential statistics is that because the researcher wanted to generalize and make predictions from the results of the data. (Agresti & Finlay, 2009, p. 4).

3.8 Validity and Reliability

3.8 .1 Validity

Validity is the strength of our conclusions, inferences or propositions. More formally, Cook and Campbell (1979) define it as the "best available approximation to the truth or falsity of a given inference, proposition or conclusion. The validity is assured by evaluating its construct validity. Validity defined as the extent to which data collection method or methods accurately measure what they were intended to measure (Sounders et. al, 2003) .To assure the validity of the dimensions whether they can measure the predefined dependent variables or not different theories and empirical studies are assessed to assure its validity. External validity is related to

generalization (Bryman and Bell, 2003,). In this study the target population was major customers in Addis Ababa and the sample is enough to generalize for the whole population of Commercial Nominees branches major customers. So external validity is strong and can be generalized.

3.8.2 Reliability

Cronbach''s alpha is used in this study to assess the internal consistency of the research instrument, which is developed questionnaire. Cronbach's α (alpha) is a coefficient of reliability used to measure the internal consistency of a test or scale; it resulted as a number between 0 and 1 .As the result approaches to 1 the more is the internal consistency of the items, which means all the items measure the same variable. Reliability is the consistency of a set of measurements or measuring instrument, often used to describe a test. Reliability is inversely related to a random error (Coakes & Sted, 2007) Cronbach's alpha reliability analysis is conducted on the independent variables in order to determine the reliability of the instrument is used. Lack of reliability is a serious drawback of an outcome measure as it indicates errors in measurements (Powell, 1999).

3.9. Research Ethics

There is a growing emphasis on overcoming the ethical issues in business research because of the increased involvement of social responsibility and consumer's wellbeing (Ghauri and Gronhaug, 2005,). All the information treated and kept secretly with high confidentiality without disclosure of the respondents' iden

tity. No information is changed or modified; hence the information is presented as collected and the same with the literatures collected for the purpose of this study. There is no any intention to use unfair means to influence the participants to obtain information. The questionnaire anonymous and high level of confidentiality is considered. The information gathered through questionnaire is used only for its purpose i.e. for the fulfillment of the requirement of my MSC degree.

CHAPTER FOUR

4 RESULTS AND DISCUSSION

In this chapter, the collected data has been analyzed and interpreted. The chapter consists of introduction, respondents' demographic characteristics, the relationship between service quality dimensions and customer satisfaction. Items of the questionnaire on service quality were likert scaled using five points ranging between 1=Strongly Agree to 5=Strongly Disagree. In addition, some demographic descriptions of the respondents are collected.

Reliability of the questionnaire

Table *4.1 Reliability results*

Sub scales	Number of items	Cronbach's Alpha
Tangibility	4	.817
Reliability	5	.868
Responsiveness	4	.839
Assurance	4	.702
Empathy	5	.893
Entire scale	22	.960

Survey result (2019)

As it is indicated on the above table Cronbach's coefficient alpha was calculated for each field of the questionnaire and the entire questionnaire. The values of Cronbach's Alpha showed that all of the results are more than acceptable, which fall in the range between 0.7 and 0.95. The resulting range is considered high as the result ensures the reliability of each field of the questionnaire. More over Cronbach's Alpha for the entire questionnaire shows in an excellent range and it indicates reliability of the entire questionnaire. Therefore, based on the test, the results for the items are reliable and acceptable.

4.1 Demographic Characteristics of Respondents

Service quality and customer satisfaction survey was handed out to the customers of the organization. In this section, the researcher described respondents profile in terms of age, gender, educational level, occupation, frequency of use. These responses were analyzed using frequencies and percentage distributions below.

Table *4.2 Demographic Characteristics of Respondents*

Characteristics		Frequency	Percentage
Age	Between 20-30	36	24.2%
	Between 31 – 40	89	59.7%
	Between 41 – 50	11	7.4%
	Above 50	13	8.7%
Gender	Male	119	79.9%
	Female	30	20.1%
Educational qualification	Illiterate	-	-
	Elementary school	-	-
	High school	12	8.1%
	Diploma	24	16.1%
	First Degree	101	67.8%
	Master's Degree	12	8.1%
	Other	-	-
Occupation	Student	12	8.1%
	Self-employed	54	36.2%
	Public employee	24	16.1%
	Private employee	53	35.6%
	Unemployed	6	4.0%
Total		149	100%

Survey result (2019)

Concerning age categories of the respondents, 89(59.7%) of the respondents are between 31 to 40 years old whereas 36(24.2%) were from 20 to 30 years old,the remaining 11(7.4%) and 13(8.7%) were in the age range between 41 – 50 years and above 50 respectively. The result shows that majority of the service users were 31-40 age groups and this reflects that service users of the company were youth and adults.

Regarding the majority 119(79.9%) of respondents were males, and 30(20.1%) of the respondents were female. This data implies that more male are customers os CN district branches than female .

With regard to educational level of respondents, more than half of the respondents 101(67.8%) were bachelor degree holders, 24(16.1%) own diploma, 12(8.1%) finished high school, 20 12(8.1%) have Master's Degree. Consequently, the compositions of the respondents revealed that majority of them were degree holders. This can be considered as an opportunity to obtain accurate response for the study questions.

The largest group of the service users were categorized under other section of the occupation characteristics of the respondents that accounts to 54(36.2%) were self-employees followed by private employees which accounts to 53(35.6%). The remaining 24(16.1%), 12(8.1%) and 6(4.0%) were public employees, students and unemployed respectively. This result implies that CN customers have different occupations that are stated under the researcher list of occupation and on diversified occupational categories.

4.2 Frequency of use

Table *4.3 Frequency of use*

Items		Frequency	Percentage
From services provided by CN which service do you currently use?	Ethio telecom service	24	16.1%
	Western Union service	60	40.3%
	Outsourcing service	12	8.1%
	Agent banking Service	53	35.6%
How many times did you visit CN branches?	Once	24	16.1%
	Twice	48	32.2%
	More than two times	77	51.7%
If you visited CN branches more than two times, how frequently do you visit CN branches?	Once in a month	14	9.4%
	Twice in a month	17	11.4%
	More than twice in a month	118	79.2%

Survey result (2019)

Based on the above table, regarding the largest service usage form CN is Western Union service which makes up 60(40.3%) followed by agent banking service which makes up 53(35.6%) and the remaining 24(16.1%) and 12(8.1%) were Ethio telecom service and Outsourcing service users.
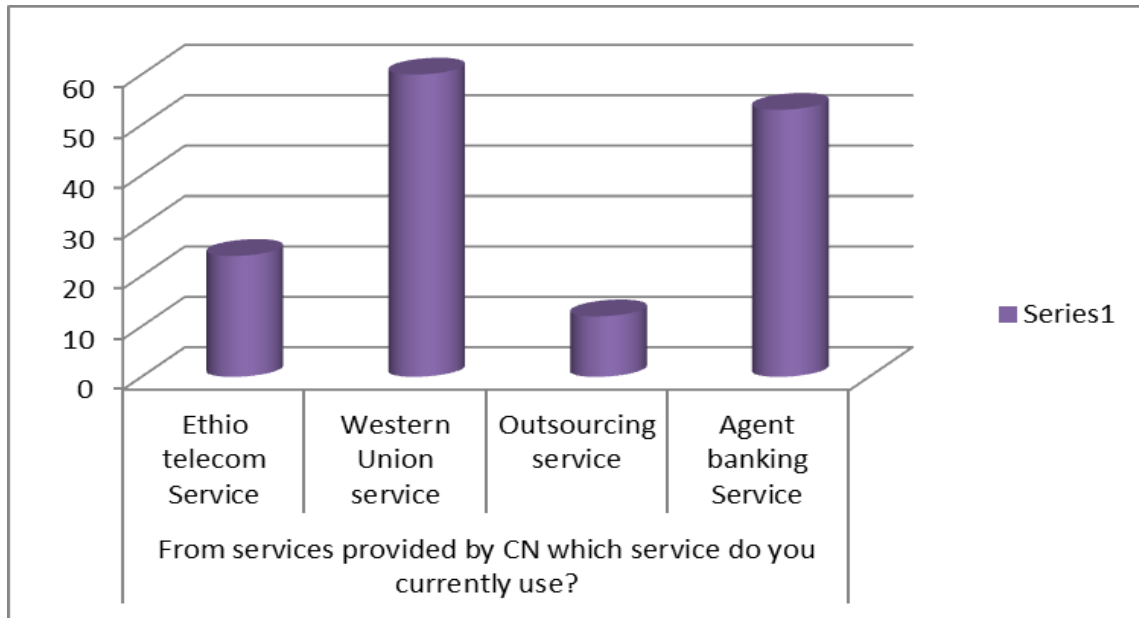
Figure 4.1 frequency of use

 Survey result (2019)

Regarding the frequency of visit of CN branches, 77(51.7%) more than two times. This result implies that the respondents of this study would enable the researcher to acquire the real picture from the customers' side.
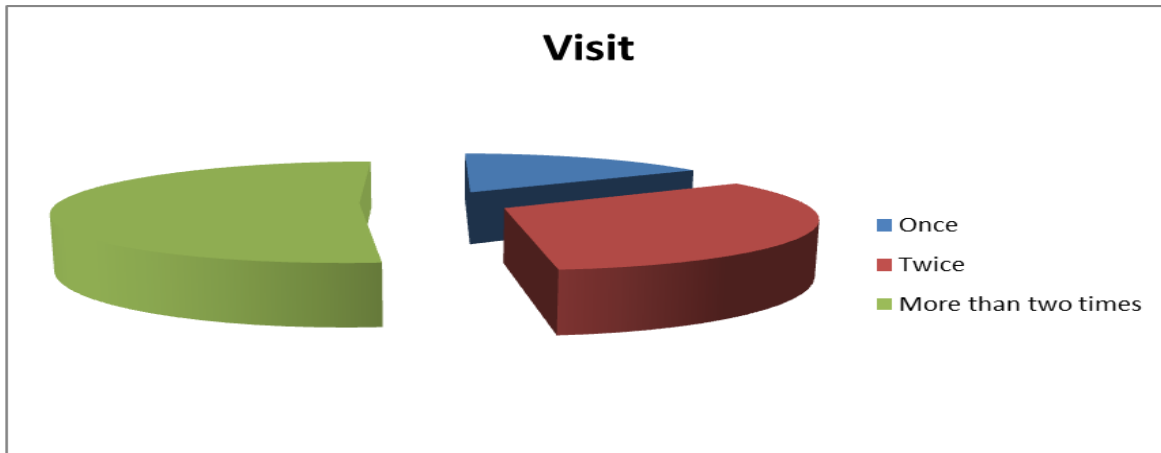
Figure 4.2 frequency of visit

Survey result (2019)

Additionally, the majority of the customers also found to visit the branches of more than twice in a month 118(79.2%).

4.3 Descriptive Analysis of Service Quality Measurement

In this part descriptive statistics in the form of mean and standard deviation were presented to illustrate the level of agreement of the respondents with their implications of the company. The responses of the respondents for the variables indicated below were measured on five point Likert scale with: 1= strongly disagree, 2= disagree, 3 = neutral, 4= agree and 5= strongly agree. However, while making interpretation of the results of mean the scales were reassigned as follows to make the interpretation easy and clear.

This formula is adapted from (Vichea, 2005), with 5 point scales, the interval for breaking the range in measuring each variable id calculated by 5−1/5= 0.8. It means items with scores fall between the ranges of: 4.20 – 5.00 are considered as strongly agreed; 3.40 – 4.09 as agreed: 2.60 – 3.39 as Neutral; 1.08 – 2.59 as disagree and 1.00 – 1.79 strongly disagree.

Data from questionnaires were processed by SPSS program in terms of frequency, mean, and standard deviation (Descriptive statistics).

4.3.1 Tangibility

Based on the result presented in the above table, the results of the items fall in the agreed range for items such as: CN branches have modern looking equipment (mean 3.5369 and SD 1.48198), CN branches physical features are visually appealing (mean 3.5973 and SD .11425), and materials associated with the service (such as pamphlets, brochures etc.) are visually appealing in CN branches (mean 3.7584and SD .1.28216).

This result implies that based on the assessment of customers CN branches have up-to-date working apparatus and equipment, visually attractive and pleasing working environment as well as materials associated with the service (such as pamphlets, brochures etc.).

However, the result for the item which assesses whether employees in the CN branches are well dressed and neat appearing fall in the neutral range. This implies that CN district branch workers have difficulties in presenting themselves as neat and well dressed.

Table *4.4 Tangibility*

Items	N	Mean		Std. Deviation
	Statistic	Statistic	Std. Error	Statistic
CN branches have modern looking equipment	149	3.5369	.12141	1.48198
CN branches physical features are visually appealing	149	3.5973	.11425	1.39458
Employees in the CN branches are well dressed and neat appearing	149	3.3356	.12620	1.54049
Materials associated with the service (such as pamphlets, brochures etc.) are visually appealing in CN branches	149	3.7584	.10504	1.28216

Survey result (2019)

4.3.2 Reliability

Table *4.5 Reliability*

Items	N	Mean		Std. Deviation
	Statistic	Statistic	Std. Error	Statistic
CN Branches provide services as promised	149	3.9195	.10057	1.22759
When you have problem, CN Branches shows a sincere interest in solving it	149	3.9128	.10897	1.33017
CN Branches performs the service right the first time	149	3.4362	.12646	1.54361
CN Branches provides its service at the time it promises to do so	149	3.7114	.10402	1.26968
CN Branches insists on error free records	149	3.5302	.11169	1.36341

Survey result (2019)

Based on the results on reliability dimension, the above table showed that all the items responses fall in the agreement range since the mean of the items 3.40 – 4.09 are considered as agreed. This item include; whether CN Branches provide services as promised; whether when customers have problem, CN Branches shows a sincere interest in solving it, whether CN Branches performs the service right the first time, whether CN Branches provides its service at the time it promises to do so and whether CN Branches insists on error free records.

This result implies that CN branches have genuine interest in solving customers' problems, and provides on time delivery of their service as well as present miscalculation free records. This includes CN employees' ability to provide services accurately, on time, and credibly. This requires consistency in the implementation of services and respects commitments as well as keeps promises to customers.

4.3.3   Responsiveness

Table *4.6Responsiveness*

Items	N	Mean		Std. Deviation
	Statistic	Statistic	Std. Error	Statistic
CN Employees in Branches tell you exactly when the services will be performed	149	3.9530	.09444	1.15276
CN Employees in Branches give your prompt service	149	3.4497	.12686	1.54848
CN Employees in Branches are always willing to help you	149	3.5168	.13217	1.61331
CN Employees in Branches are never too busy to respond to your request	149	3.6846	.13771	1.68092

Survey result (2019)

Concerning responsiveness, all the above items fall in the agreement range. These items assessed whether CN employees in Branches notify customers exactly when the services would be performed (mean 3.9530, SD 1.15276), CN Employees in Branches give customers prompt service (mean 3.4497, SD 1.54848), whether CN Employees in Branches are always willing to help customers (mean 3.5168, SD 1.61331) as well as whether CN Employees in Branches are never too busy to respond to your request (mean 3.6846, SD 1.68092).

This descriptive result implies that CN employees provide adequate information on their work to customers, provide on time service to customers, willing to provide professional assistance to customers in need of aid, as well as always respond to the needs of customers. This result showed that CN's ability to solve the problem fast, deal with customers' complaint effectively and the willingness to help customers as well as meet the customers' requirements..

4.3.4 Assurance

Table *4.7 Assurance*

Items	N	Mean		Std. Deviation
	Statistic	Statistic	Std. Error	Statistic
The behavior of employees in CN Branches instills confidence in you	149	3.9128	.10897	1.33017
You feel safe in your transactions with CN Branches	149	2.8725	.12963	1.58237
Employees in CN Branches are consistently courteous with you	149	3.0268	.13897	1.69636
Employees in CN Branches have the knowledge to answer your questions	149	3.4631	.12472	1.52246

Survey result (2019)

Regarding assurance, the items fall in the neutral range for item such as the behavior of employees in CN Branches instills confidence in customers, customers feel safe in their transactions with CN Branches, and employees in CN Branches are consistently courteous with customers.

The response fall in the agreed rang for an item which asks the knowledge to answer customers questions (mean 3.4631 SD1.52246).

It implies that it CN creates credibility and trust for customers, which is considered through professional services, excellent technical knowledge, attitude courtesy, and good communication skills.

4.3.5   Empathy

Table *4.8 Empathy*

	N	Mean		Std. Deviation
	Statistic	Statistic	Std. Error	Statistic
CN Branches gives you individual attention	149	3.7315	.11374	1.38832
CN Branches have operating hours convenient to customers	149	3.7248	.12079	1.47437
CN Branches have employees who give your personal attention	149	3.7248	.11263	1.37477
CN Branches have your best interest at heart	149	3.4228	.11863	1.44812
The employees of CN Branches understand your specific needs	149	3.5302	.11992	1.46378

Survey result (2019)

To assess Empathy, the above five items were used. According to the result whether CN Branches gives customers individual attention, CN Branches have operating hours convenient to customers, CN Branches have employees who give customers'' personal attention, CN Branches have your best interest at heart, and the employees of CN Branches understand customers' specific needs.

Therefore, it is logical to conclude CN employees are caring, consideration, and the best preparation for customers, so that they can feel as 'guests' of the firm and are always welcome at any times. Since these human factors are the core of this success and the more caring, gives to customers, the more customer understanding increases.

4.3.6 Descriptive Summary of Variables

Table *4.9 Descriptive Summary of Variables*

Variable	Mean	Minimum	Maximum	Standard Deviation
Tangibles	3.56	1.00	5.00	1.15
Reliability	3.70	1.60	5.00	1.09
Responsiveness	3.65	1.00	5.00	1.24
Assurance	3.32	1.25	5.00	1.12
Empathy	3.63	1.80	5.00	1.20

Survey result (2019)

Based on the above summary of service quality dimensions, CN branches has higher mean for all dimensions. However, reliability is the highest dimensions with a general mean of 3.7 followed by empathy with a mean value of 3.63.

The result for assurance is the lowest among other service quality variables. It signals the requirement to work towards this human element of service quality dimension to provide best service the customers looking for.

4.4 Correlation Analysis of Variables

Correlation analysis deal with relationships among variables and helps to gain insight into the direction and strength of relation between the variables. Correlation coefficients take values between -1 and 1 ranging from being negatively correlated (-1) to uncorrelated (0) to positively correlated (+). The sign of the correlation coefficient defines the direction of the relationship. The absolute value indicates the strength of the correlation. Dancey and Reidy (2004) states that a correlation result which is 0 indicates zero correlation, a result between 0.1 and 0.3 indicates a weak correlation among variables, a result which is between 0.4 and 0.6 shows a moderate correlation, a result between 0.7 and 0.9 indicates a strong correlation among variables while a result which is equal to 1 indicates a perfect correlation

Table 4.10 correlation Metrics

Correlation		Level of Satisfaction	Tangibles	Reliability	Responsiveness	Assurance	Empathy
Level of Satisfaction	Pearson Correlation	1					
Tangibles	Pearson Correlation	.724**	1				
Reliability	Pearson Correlation	.812**	.862**	1			
Responsiveness	Pearson Correlation	.767**	.810**	.819**	1		
Assurance	Pearson Correlation	.828**	.746**	.853**	.775**	1	
Empathy	Pearson Correlation	.736**	.769**	.885**	.776**	.784**	1
. Correlation is significant at the 0.01 level (2-tailed).N=149 **Survey result (2019)							

To assess the relationship between Level of Satisfaction and other service quality dimensions (Tangibles, Reliability, Responsiveness, Assurance and Empathy), the following results has been obtained.

According to the above correlation metrics results, all the independent variables namely; tangible(r = .724), reliability(r = .812), responsiveness(r =.767), assurance = .828) and empathy (r = .736), are positively and significantly related with the dependent variable (level of satisfaction) at p value <0.01. Although service quality dimensions have positive relationship with the level of customer satisfaction with varying degree. In light of this, reliability, responsiveness and assurance have a correlation coefficient value of 0.812, 0.767 and 0.828 respectively showing the existence of significant and strong relationship with customer satisfaction than tangibility and empathy which have correlation coefficient with value of 0.724 and 0.736 respectively confirming that their relation with customer satisfaction is relatively mederate. The implication of the analysis result is that the better the quality of service with

service quality dimensions of reliability, responsiveness and empathy, the higher the level of CN branches customer satisfaction.

4.4.1 Regression Analyses

Regression analysis was conducted to assess the effect of service quality on customers 'satisfaction. Multiple Regressions are the most common and widely used to analyze the relationship between a single continues dependent variable and multiple continues on categorical independent variable (George et al, 2003). In this study multiple regression analysis was employed to examine the effect of service quality dimensions on customer satisfaction. The following table presents the results of multiple regressions analysis. Here the squared multiple correlation coefficients (R^2) which tells the level of variance in the dependent variable (customer satisfaction) that is explained by the model.

Table *4.11 Model Summary*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.860[a]	.740	.731	.68969

a. Predictors: (Constant), Empathy, Tangibles, Assurance, Responsiveness, Reliability

Survey result (2019)

The results of multiple regressions, as presented in table 4.11, above, revealed that the service quality dimensions (tangibility, reliability, responsiveness, assurance and empathy) combined significantly influence the satisfaction of customers. The adjusted R^2 of 0.731 indicates 73.1% of the variance in customer satisfaction can be predicted by the service quality offered. Therefore, service quality has a positive and significant effect on customer satisfaction.

4.5. Classical Linear Regression Model (CLRM) Assumptions Test

4.5.1 Assumption of a Linear Relationship between the Independent and Dependent Variable(s).

Standard multiple regression can only accurately estimate the relationship between dependent and independent variables if the relationships are linear in nature. If the relationship between independent variables (IV) and the dependent variable (DV) is not linear, the results of the

regression analysis will under-estimate the true relationship. Authors such as Pedhazur (1997), Cohen (1983), and Berry and Feldman (1985) suggest three primary ways to detect non-linearity. The first method is the use of theory or previous research to inform current analyses. However, as many prior researchers have probably overlooked the possibility of non-linear relationships, this method is not foolproof. A preferable method of detection is examination of residual plots (plots of the standardized residuals as a function of standardized predicted values, readily available in most statistical software)

Figure 4.3 Linearity Test

Partial Regression Plot
Dependent Variable: Level of Satisfaction
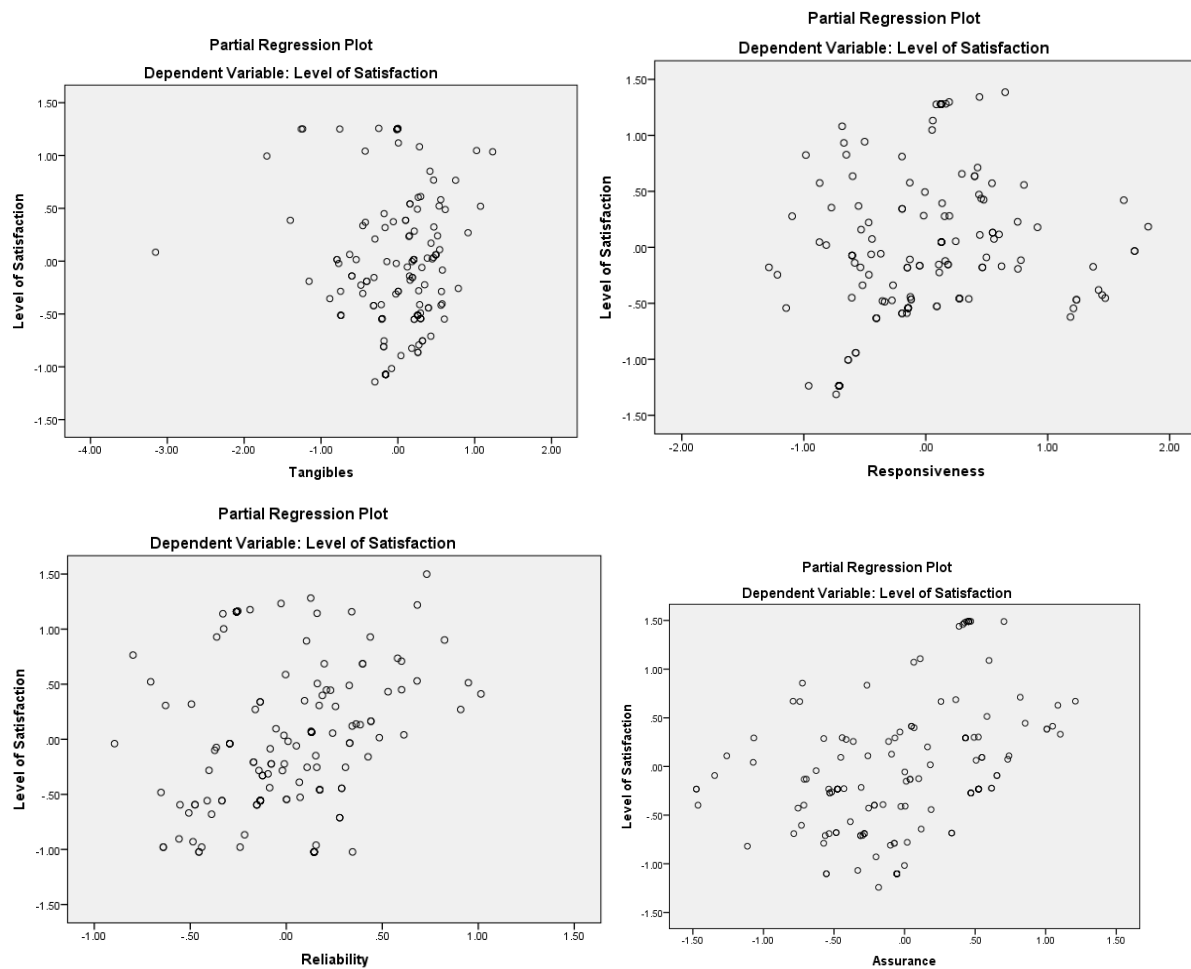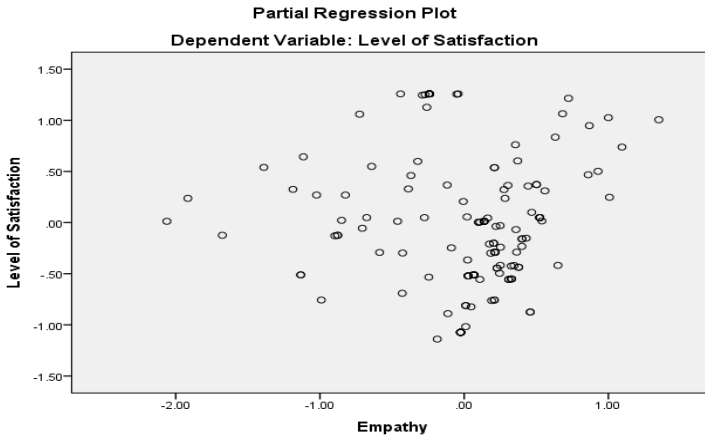
Survey result (2019)

From the above five tables we can conclude that Linearity assumption was not serious threat to the study since we can draw one straight line to approximate the observations for all independent variables against the dependent variable, level of satisfaction, and also the variance between the upper and lower cases of the observations were reasonably similar.

4.5.2 Homoscedasticity Test

This assumption means that the variance around the regression line is the same for all values of the predictor variable (X). The plot shows a violation of this assumption.

The impact of violating the assumption of homoscedasticity is a matter of degree, increasing as heteroscedasticity increases. By definition, OLS regression gives equal weight to all observations, but when heteroscedasticity is present, the cases with larger disturbances have more "pull" than other observations.

Each probability distribution for y (response variable) has the same standard deviation regardless of the x-value (predictor). In short, this assumption is homoscedasticity. Homoscedasticity is not required for the estimates to be unbiased, consistent, and asymptotically normal. Achen, Christopher H.; Shively, W. Phillips (1995).

Figure 4.4 Homoscedasticity Test

Scatterplot
Dependent Variable: Level of Satisfaction
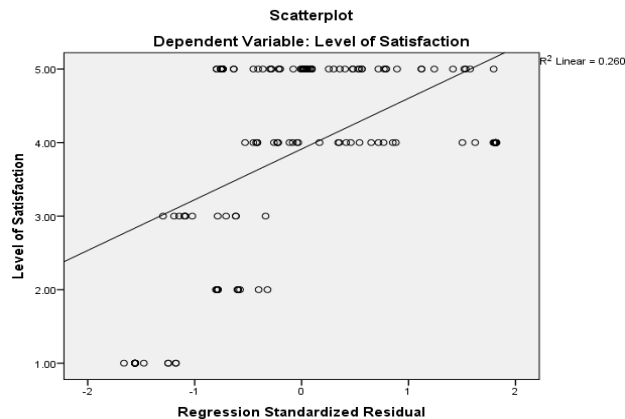
Survey result (2019)

From the above table the result plots the values the model would predict, against the residuals obtained. As the predicted values increase, the variation in the residuals should be roughly similar. The graph looks like a random array of dots. So, the model is homoscedasticity.

4.5.3   Autocorrelation Test

Auto correlation is a characteristic of data which shows the degree of similarity between the values of the same variables over successive time intervals. Autocorrelation is diagnosed using a correlogram (ACF plot) and can be tested using the Durbin-Watson test. The Durbin Watson *(*DW*)* statistic is a test for autocorrelation in the residuals from a statistical regression analysis. The Durbin-Watson statistic will always have a value between 0 and 4. A value of 2.0 means that there is no autocorrelation detected in the sample. Values from 0 to less than 2 indicate positive autocorrelation and values from 2 to 4 indicate negative autocorrelation.

Table 4.12 Durbin Watson Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.860[a]	.740	.731	.68969	2.585

a. Predictors: (Constant), Empathy, Tangibles, Assurance, Responsiveness, Reliability
a.   Dependent Variable: Level of Satisfaction

Survey result (2019)

45

From the above Durbin Watson Test result was within the range of 0 and 4, as a result the assumption of independence of residuals was satisfied.

4.5.4 Multicolliniarity Test

In a multiple regression model two and above predictor variables are analyzed against independent variable to see their statistical implication of various values. But the analysis of this sort could have multicollinearity (collinearity) phenomenon in which two or more predictor variables are highly correlated to the extent that one variable can be linearly predicted from the others with a substantial degree of accuracy. The test of multicollinearity is detected by Tolerance and Variance inflation factor (VIF) result.

From multicollinearity point of view, tolerance is an indicator of how much of the variability of the specified independent variable is not explained by the other independent variables in the model. It is calculated using the formula 1– R squared for each variable. If this value is very small that it is less than 0.10, then multiple correlations with other variables is high, suggesting the existence of multicollinearity.

Variance inflation factor (VIF) is the inverse of the Tolerance value i.e, 1 divided by Tolerance (1/1-R).VIF values above 10 implies the existence of multicollinearity between variables. In summary, there is no multicollinearity problem when the tolerance values of all independent variables and the VIF are above 0.1 and below 10 respectively which can be taken as a green light for the researcher to precede the task of multiple regression analysis.

Table 4.13 Multicolliniarity Test

Model		Collinearity Statistics	
		Tolerance	VIF
1	Tangibles	.223	4.476
	Reliability	.109	9.187
	Responsiveness	.260	3.849
	Assurance	.253	3.955
	Empathy	.207	4.821

a. Dependent Variable: Level of Satisfaction
Survey result (2019)

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

4.5.5 Normality Test

Under this assumption normality tests are used to determine if a data set is well-modeled by a normal distribution and to compute how likely it is for a random variable underlying the data set to be normally distributed. One application of normality tests is to the residuals from a linear regression model. Portney, L.G. & Watkins, M.P. (2000).

The assumption was tested by using normal probability plot (NPP). The decision rule is, if the fitted line in the NPP is approximately a straight line, one can conclude that the variables of interest are normally distributed (Gujarati, 2004). According to (Brown,2006) ,the appropriate value of skewness fall between -3 to +3 and the appropriate value of kurtosis range from -10 to +10.

-If skewness is less than -1 or greater than 1 the distribution is considered as highly skewed.

-If the skewness is between -1 and -0.5 or between 0.5 and 1, the distribution is considered as moderately skewed .

-If skewness is between -0.5 and 0.5, the distribution is considered as approximately symmetric.

Table 4.14 Normality test on Skewness and Kurtosis

		Tangibles	Reliability	Responsiveness	Assurance	Empathy
N	Valid	149	149	149	149	149
	Missing	0	0	0	0	0
Skewness		-.316	-.296	-.617	.097	-.135
Std. Error of Skewness		.199	.199	.199	.199	.199
Kurtosis		-1.192	-1.461	-.895	-1.198	-1.606
Std. Error of Kurtosis		.395	.395	.395	.395	.395

Survey result (2019)

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From the above table we can say that the appropriate value of both skewness and kurtosis meets the assumption of normality not to be violated .Therefore two values together confirm none existence of this assumption in the regression analysis under consideration.

Figure 4.5 Normality Test

Survey result (2019)
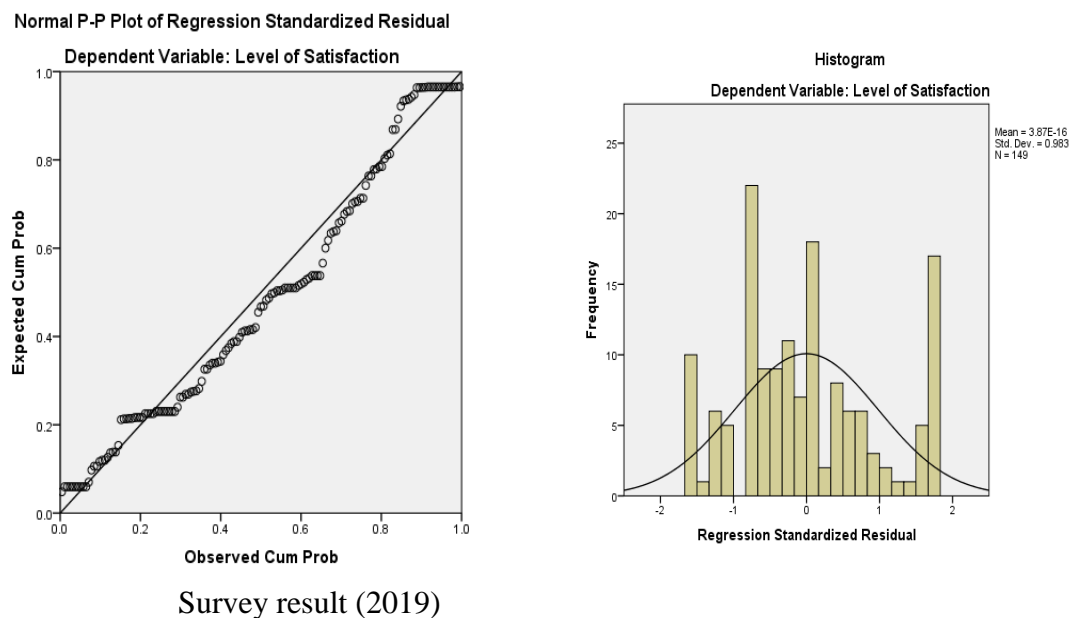
From the above result residuals of the model were approximately normally distributed, because the fitted line on the NPP approximately straight line.

The study discussed five major assumptions that must be fulfilled for one to analyze data using multiple linear regression models. So, since all the five assumptions were not violated, the researcher examined the data collected by the questionnaires using correlation and multiple linear regression models.

Table *4.15: Regression results of each service quality dimensions and customer satisfaction*

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	.166	.201		.824	.411	-.232	.564
	Tangibles	-.011	.105	-.010	-.106	.916	-.218	.196
	Reliability	.357	.157	.293	2.270	.025	.046	.667
	Responsiveness	.229	.090	.213	2.553	.012	.052	.406
	Assurance	.527	.101	.443	5.224	.000	.327	.726
	Empathy	-.032	.104	-.029	-.310	.757	-.238	.173

Survey result (2019)

The standardize beta coefficient in the above table also shows, which tell us the unique contribution of each factor to the model. Based on the result, reliability, responsiveness, and assurance of service quality of CN branches have a significant influence on customers' satisfaction at 95% confidence level. The significant service quality factors have been included for the establishment of the function. It is shown from the table that reliability, responsiveness and assurance have significant effect on customer satisfaction ($p < 0.05$). On the other hand, tangibility and empathy both have insignificant effect on customer satisfaction ($p > 0.05$).Therefore, the established regression function is:

Customers' satisfaction =.166-0.11Tangibility + .357Reliability + .229 Responsiveness + .527Assurance-0.32Empathy.

Table 4.16 Model Summary & Coefficients' (Control Variables)

	Model 1				Model 2			
	Unstandardized Coefficients				Unstandardized Coefficients			
	B	Std. Error	T	Sig.	B	Std. Error	T	Sig.
(Constant)	-.188	1.329	-.142	.887	-1.866	.865	-2.158	.033
Age	0.575	.252	2.287	.024	.103	.182	.568	.571
Gender	.952	.303	3.145	.002	.227	.196	1.158	.249
Education	1.022	.226	4.513	.000	.344	.157	2.195	.030
Occupation	.088	.135	.653	.515	.031	.084	.371	.711
Service currently used	-.464	.159	-2.914	.004	.212	.112	1.885	.062
Frequency of visit	-.151	.369	-.408	.684	-.233	.241	-.966	.336
Time of visit	-.644	.228	-2.828	.005	-.092	.142	-.650	.517
Tangibility					.045	.105	.425	.671
Reliability					.308	.169	1.821	.071
Responsiveness					.380	.107	3.562	.001
Assurance					.446	.110	4.046	.000
Empathy					-.099	.110	-.898	.371
R2	.330				.769			
Adj. R2	.297				.749			
Sig.change of R2	. 330				.439			
Sig.F Change	.000				.000			

From the above table, for Model1, F-value and p-value is 9.943 and 0.000 respectively which is significant at 5% level of significance. R square of this model is 0.33 or 33% which means 33.% of variation in overall customer satisfaction is explained by variation control variables.

For Model2, F-value and p-value is 51.74 and 0.000 respectively which is significant at 5% level of significance. R square of this model is 0.769 or 76.9% which means 76.9% of variation in customer satisfaction is explained by variation in tangibles, reliability, responsiveness, and assurance and empathy variables.

4.6 Summary of Hypotheses Testing

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

Table 4.17: Summary of Hypotheses Testing

Hypothesis	Testing the hypothesis	Result
H1: Tangibility significantly DO NOT affect customer satisfaction	Regression	Accepted.(B=-.011,p=.916) p-value >0.05 level
H2: Reliability significantly DO NOT affect customer satisfaction	Regression	Rejected.(B=.357, p=.025) p-value < 0.05 level
H3: Responsiveness significantly DO NOT affect customer satisfaction	Regression	Rejected.(B= .229,P=.012) p-value < 0.05 level
H04: Assurance significantly DO NOT affect customer satisfaction	Regression	Rejected.(B= .527,P=..000) p-value < 0.05 level
H05: Empathy significantly DO NOT affect customer satisfaction satisfaction.	Regression	Accepted.(B=--.032, p=.757) p-value >0.05 level

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

This chapter is the final chapter which contains summary of the findings, conclusion, recommendations,

5.1. Summary of Findings

✓ The main objective of the study was to assess the overall service quality and customer satisfaction at CN district branches and to investigate the impact of service quality dimensions on customer satisfaction. In this study hypothesis were also developed to investigate how service quality dimensions can affect customer satisfaction.

✓ To meet this objective quantitative research strategy was adopted and Probabilistic sampling technique with cluster sampling technique methods and non-probabilistic with quota sampling technique was used to collect quantitative data from CN district branches customers.

✓ Descriptive statistics like frequency, mean, correlation and multiple regression were employed to analyze background information of respondents, respondents" perception on service delivery quality and satisfaction, to determine the relationship and its impact between service quality dimensions and level of customers satisfaction..

➢ Concerning age categories of the respondents, 89(59.7%) of the respondents are between 31 to 40 years old whereas 36(24.2%) were from 20 to 30 years old,the remaining 11(7.4%) and 13(8.7%) were in the age range between 41 – 50 years and above 50 respectively. The result shows that majority of the service users were 31-40 age groups and this reflects that service users of the company were youth and adults.

➢ Regarding the majority 119(79.9%) of respondents were males, and 30(20.1%) of the respondents were female. This data implies that more male are customers os CN district branches than female .

➢ With regard to educational level of respondents, more than half of the respondents 101(67.8%) were bachelor degree holders, 24(16.1%) own diploma, 12(8.1%) finished high school, 20 12(8.1%) have Master's Degree. Consequently, the compositions of the respondents revealed that majority of them were degree holders. This can be considered

as an opportunity to obtain accurate response for the study questions. The largest group of the service users were categorized under other section of the occupation characteristics of the respondents that accounts to 54(36.2%) were self-employees followed by private employees which accounts to 53(35.6%). The remaining 24(16.1%), 12(8.1%) and 6(4.0%) were public employees, students and unemployed respectively. This result implies that CN customers have different occupations that are stated under the researcher list of occupation and on diversified occupational categories

✓ Mean score comparison was also conducted to evaluate customers perception on service quality dimensions, overall service quality and customer satisfaction.

  ➢ Based on the above summary of service quality dimensions, CN branches has higher mean for all dimensions. However, reliability is the highest dimensions with a general mean of 3.7 followed by empathy with a mean value of 3.63.

  ➢ The result for assurance is the lowest among other service quality variables. It signals the requirement to work towards this human element of service quality dimension to provide best service the customers looking for.

✓ Correlation coefficient statistics shows that all service quality dimensions have strong and significant relationship with over all service quality; i.e. a result between 0.7 and 0.9 indicates a strong correlation and significant relationships were also identified between service quality dimensions and customer satisfaction. In general, all independent variables have significant relationship with dependent variables at p= 0.01 even though their strength is different.

✓ Multiple regression analysis were undertaken to investigate the effect of each independent variables on dependent variable. The result confirmed that service quality dimensions, reliability, responsiveness sand assurance have a positive impact on the customer satisfaction with p<0.05 though their degree of impact varies amongst the services quality dimensions. Whereas tangibility and empathy have insignificant effect on customer satisfaction with p>0.05.

✓ Finally, the hypotheses developed in this study were tested and the result shows that all service quality dimensions have significant and positive effect on service quality except tangibility and empathy which have insignificant effect.

5.2. Conclusion

The objective of this study is to examine the impact of service quality on customer satisfaction. On the bases of the analysis given in the previous chapter, the following conclusion is drawn.

- ✓ This study has found that CN branches have up-to-date working apparatus and equipment, visually attractive and pleasing working environment as well as materials associated with the service (such as pamphlets, brochures etc.).

- ✓ There exists a high level of consistency among the 22 items of service quality constructs. While measured using Cronbach's alpha a 0.960 result was obtained which express the existence of high reliability among items of service quality and this indicates that a better service quality can be provided at CN branches by fulfilling all dimensions concurrently

- ✓ The study also showed that branches make available services based on their promise, have genuine interest in solving customers' problems, provides on time delivery of their service as well as present miscalculation free records. This includes CN employees' ability to provide services accurately, on time, and credibly. This requires consistency in the implementation of services and respects commitments as well as keeps promises to customers.

- ✓ Based on the descriptive results of the study, CN employees provide adequate information on their work to customers, provide on time service to customers, willing to provide professional assistance to customers in need of aid, as well as always respond to the needs of customers. This result showed that CN's ability to solve the problem fast, deal with customers' complaint effectively and the willing to help customers as well as meet the customers' requirements. In other words, responsiveness is the feedback from CN to what customers want.

- ✓ The correlation metrics results, all the independent variables namely; tangible($r = .724$), reliability($r = .812$), responsiveness($r = .767$), assurance $= .828$) and empathy ($r = .736$), are positively and significantly related with the dependent variable (level of satisfaction) at p value <0.001. This shows that customers level of satisfaction in CN branches are directly related to the service quality they get from these branches.

- ✓ Based on regression analyses, 73.1% of the variance in customer satisfaction can be predicted by the service quality offered. Therefore, service quality has a positive and significant effect on customer satisfaction.

✓ The study also revealed that, reliability, responsiveness, and assurance of service quality of CN branches have a significant influence on customers' satisfaction at 95% confidence level. The significant service quality factors have been included for the establishment of the function. Tangibles and empathy do not have any significant contribution for the model at alpha = 0.05. Therefore, the established regression function is:

✓ Customers' satisfaction =.166+ .357 Reliability + .229 Responsiveness + .527 Assurance

5.3. Recommendation

Based on the findings and conclusions of the study, the researcher forwards the following recommendations.

✓ The result showed that CN branches were relatively good; the staffs were good in dressing well and appear neat, up to date equipment, visually attractive and safety of the company's transaction. However, there is a need for improvement for future customer requirements. Therefore, there is a need for management bodies to evaluate their status constantly and work for continuous improvements.

✓ Implementing different kinds of motivational schemes to staffs at branches like selecting and rewarding customer service officer of the month, the quarter, the year and etc. This will encourage employees to provide appropriate service to the customers which could result in customers" satisfaction (reliability perspective).

✓ Keeping automation of service provision. Although the company is showing a good progress in the automation of its service provision, there still exists room for further automation in its service delivery process. This will help to provide prompt and error free service to customers.(reliability perspective)..

✓ Providing continues on job and off job training to customer service officers(CSO) and other staffs which focus on general communication skill, customer handling skill and sales skill will improve the service interaction between the company and customers at branches.(responsiveness perspective)

✓ As stated previously, the company should provide continues on job and off job training to customer service officers and other staff's which focus on building their communication skill, customer handling skill and sales skill. This will helps to instill confidence to customers on the ability of company's employees.(assurance perspective)

✓ Managers of CN should be aware that, among the various dimensions of service quality, reliability, responsiveness, and assurance were especially significant in predicting customers' satisfaction. It is apparent that focusing on delivering high quality services and improve service quality effectively is critical for customer satisfaction. Therefore, managers should work towards maximizing, reliability, responsiveness, and assurance in order to improve the satisfaction of customer.

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Appendices

Appendix A: English Questionnaire

Questionnaire for Service quality and its effect on customer satisfaction survey on Commercial Nominees branches service

First I would like to thank you for your time. My name is Abinet Tsegaab and I am a graduate student at Addis Ababa University College of Business and Economics Department of Management. I am conducting this study for the completion of my Masters of Science in Management. This is purely for academic research as it is a pre-requisite for my course work. Information collected will be treated as confidential. I kindly request you to assist in filling the questionnaire with the required information.

Please mark your response with "√"

If you have any question, please contact me through Email address:abinettsegazeab@gmail.com.

Part one: Demographic information (characteristics) of respondents.

1. Age

   ☐ Between 20-30   ☐ Between 31 – 40 ☐ Between 41 – 50 ☐ Above 50

2. Gender

   ☐ Male   ☐ Female

3. What is your educational qualification?

   ☐Illiterate ☐. Elementary school ☐High school ☐. Diploma ☐ First degree

   ☐ Masters Degree ☐ others (please specify) _____

4. Occupation

   ☐ Student   ☐ Self-employed   ☐ Public - employee

   ☐ Private - employee   ☐ Unemployed

5. From services provided by CN which service do you currently use?

   ☐ Ethio telecom Service   ☐ Western Union service

   ☐ Outsourcing service   ☐ Agent banking Service

   If other please state _____

6. How many times did you visit CN branches?

   ☐ Once   ☐ Twice   ☐ More than two times

7. If you visited CN branches more than two times, how frequently do you
   visit CN branches?

   ☐ Once in a month ☐ Twice in a month   ☐ More than twice in a month

Part two: Perception towards service quality dimensions.

Please show the extent to which you believe CN branches, you visited, has the feature described in the statement. (1= Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5= Strongly Agree)

Service quality dimensions	Your level of agreement				
Tangibles	1	2	3	4	5
CN branches have modern looking equipment					
CN branches physical features are visually Appealing					
Employees in the CN branches are well dressed and neat appearing					
Materials associated with the service (such as pamphlets, brochures etc) are visually appealing in CN branches					
Reliability	1	2	3	4	5
CN Branches provide services as promised					
When you have problem, CN Branches shows a sincere interest in solving it					
CN Branches performs the service right the first time					
CN Branches provides its service at the time it promises to do so					
CN Branches insists on error free records					
Responsiveness	1	2	3	4	5
CN Employees in Branches tell you exactly when the services will be performed					
CN Employees in Branches give you prompt service					
CN Employees in Branches are always willing to help you					
CN Employees in Branches are never too busy to respond to your request					

Assurance	1	2	3	4	5
The behavior of employees in CN Branches instills confidence in you					
You feel safe in your transactions with CN Branches					
Employees in CN Branches are consistently courteous with you					
Employees in CN Branches have the knowledge to answer your Questions					
Empathy	1	2	3	4	5
CN Branches gives you individual attention					
CN Branches have operating hours convenient to customers					
CN Branches have employees who give you personal attention					
CN Branches have your best interest at heart					
The employees of CN Branches understand your specific needs					

Part Three: Level of Customer Satisfaction

Please indicate your level of agreement on the below statements. (1= Highly Dissatisfied, 2=Dissatisfied, 3=Neutral, 4=Satisfied, 5= Highly Satisfied)

Statement	1	2	3	4	5
Overall, How satisfied are you with CN Branches service?					

Appendix B: Amharic Questionnaire

በአማርኛ የተዘጋጀ መጠይቅ

የኮሜርሻል ኖሚኒስ ጋ/የተ/የግ/ማህበር ቅ/ፍች የአገልግሎት ጥራት እና የደንበኞች እርካታ ምዘና መጠይቅ

በመጀመሪያ ጊዜዎን ሰውተው ለዚህ መጠይቅ ፈቃደኛ በመሆንዎ ላመሰግንዎ እወዳለሁ። ስሜ አብነት ፀጋአብ ይባላል። በአዲስ አበባ ዩኒቨርስቲ የንግድ ሥራ እና የምጣኔ ሀብት ጥናት ትምህርት ቤት ሥራ አስተዳደር ትምህርት የ2ኛ ዲግሪ ተመራቂ ተማሪ ስሆን ይህንን ጥናት የማካሄደው ትምህርቴን ለማጠናቀቅ እንዲረዳኝ ነው። የጥናቱ ዓላማ የአገልግሎት ጥራትን እና የደንበኞች እርካታ ደረጃን የኮሜርሻል ኖሚኒስ ቅ/ፍችን ለመለካት ነው። ትብብርዎ እውነተኛ እና አስተማማኝ መረጃ ለማግኘት የሚረዳኝ ሲሆን ከእርስዎ የማገኘው መረጃም ሆነ ግብአት ለጥናቱ ዓላማ ብቻ የሚውል ይሆናል። እባክዎን ሁሉንም የተጠቀሱትን ጥያቄዎች ለመመለስ ይሞክሩ፤ ጊዜዎን ስለሰጡኝ እንደገና ላመሰግንዎት እወዳለሁ።

እባክዎን ምላሽዎን በ "√" ያመላክቱ።

ማንኛቸውም ጥያቄ ካልዎት፤

በኢሜል አድራሻ Abinettsegazeab@gmail.com

በስልክ ቁጥር: 0913252179 ሊጠይቁኝ ይችላሉ

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ክፍል አጁ:

1.ዕድሜ

☐ ከ18 ዓመት በታች   ☐ ከ 18-30☐ ከ 31-45☐ ከ 45 ዓመት በላይ

2.ፆታ

☐ ወንድ   ☐ ሴት

3.የትምህርት ደረጃ

☐ ያልተማረ   ☐ የመጀመሪያ ደረጃ ት/ት ቤት   ☐ የሁለተኛ ደረጃ ት/ት ቤት
☐ ዲፕሎማ   ☐ የመጀመሪያ ዲግሪ   ☐   ማስተርስ ዲግሪ

4.ስራ

☐ ተማሪ   ☐ ራሱን ቀጥሮ የሚያስተዳድር   ☐ የመንግስት ሰራተኛ
☐ የግል - ሰራተኛ   ☐ ሥራ የለኝም

5.በኮሜርሻል ኖሚኒስ ቅ/ፎች ከሚቀርቡት አገልግሎቾች በአሁኑ ጊዜ የትኞቹን ይጠቀማሉ (ከአንድ በላይ አገልግሎት ተጠቃሚ ከሆኑ የሚጠቀሙአቸው አገልግሎቾች ላይ ምልክት ያድርጉ)?

☐ የቴሌኮም ምርቶችን ማከፋፈል   ☐ የዌስተርን ዩኒየን አገልግሎት
☐ የሶስተኛ ወገን የሰው ሀይል አቅርቦት አገልግሎት☐ ኤጀንት ባንኪንግ አገልግሎት

        እባክዎን ሌላ ካሉት ይግለጹ _____

6.የኮሜርሻል ኖሚኒስ ቅ/ፎችን ለምን ያህል ጊዜ ኅብኝተው ያውቃሉ?

☐ አንድ ጊዜ   ☐   ለሁለት ጊዜያት   ☐ ከሁለት ጊዜያት በላይ

7 ከሁለት ጊዜያት በላይ ኅብኝተው የሚያዉቁ ከሆነ የኮሜርሻል ኖሚኒስ ቅ/ፎችን በምን ያህል ጊዜ ልዩነት ይኅበጇቸዋል?

☐ በወር አንድ ጊዜ   ☐ በወር ሁለቴ   ☐ በወር ከሁለት ጊዜ በላይ

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ክፍል ሁለት ፥ የአገልግሎት ጥራት ገጽታዎች መለኪያ

የሚከተለት አረፍተ ነገሮች የኮሜርሻል ኖሚኒስ ቅ/ፎች የአገልግሎት ጥራት ገጽታዎች የሚያመለክቱ ናቸዉ። እርስዎ በ ቅ/ፉ በነበርዎት ቆይታ መሰረት በአረፍተ ነገሮቹ ያልዋትን የስምምነት መጠን እባክዎን ያመልክቱ። (1 = በጣም አልስማማም 2 = አልስማማም 3 = ውሳኔ አልሰጥም 4 = እስማማለሁ 5= በጣም እስማማለሁ)

የአገልግሎት ጥራት ገጽታዎች	የስምምነት ደረጃዎች ች				
ተጨባጭ ሁኔታዎች	1	2	3	4	5
የኮሜርሻል ኖሚኒስ ቅ/ፍ ዘመናዊ መሳሪያ አለው					
የኮሜርሻል ኖሚኒስ ቅ/ፍ ለአይን የሚማርክ ነዉ።					
የኮሜርሻል ኖሚኒስ ቅ/ፍ ሰራተኞች ጥሩ አለባበስ ያላቸው እና ንጹህ ሆነዉ የሚታዩ ናቸዉ።					
ከአገልግሎቱ ጋር ተዛማጅ የሆኑ ቁሳቁሶች (እንደ ፓምፕሌቶች ፥ ብሮሽሮች ወዘተ) የኮሜርሻል ኖሚኒስ ቅ/ፍ ለአይታ በሚማርኩ መልኩ ይገኛሉ					
ተዓማኒነት	1	2	3	4	5
ቃል በተገባዉ መሰረት የኮሜርሻል ኖሚኒስ ቅ/ፍ አገልግሎቶችን ያቀርባል					
ችግር ሲያጋጥሞት ፥ የኮሜርሻል ኖሚኒስ ቅ/ፍ ችግሩን ለማስወገድ ቅን ፍላጎት ያሳያል					
የኮሜርሻል ኖሚኒስ ቅ/ፍ አገልግሎቱን ለመጀመሪያ ጊዜ በቀጥታ ይፈጽማል					
የኮሜርሻል ኖሚኒስ ቅ/ፍ አገልግሎቱን ቃል በገባበት ጊዜ ውስጥ ይፈጽማል					
የኮሜርሻል ኖሚኒስ ቅ/ፍ ከስህተት ነጻ የሆነ መዝገብ አያያዝ አለው					
ምላሽ ሰጪነት	1	2	3	4	5
የኮሜርሻል ኖሚኒስ ቅ/ፍ ሰራተኞች አገልግሎት የሚሰጥበትን ጊዜ በትክክል ያሳዉቃስ					
የኮሜርሻል ኖሚኒስ ቅ/ፍ ሰራተኞች ቀልጣፋ የሆነ አገልግሎት ይሳጣል					
የኮሜርሻል ኖሚኒስ ቅ/ፍ ሰራተኞች ሁልጊዜም እርስዎን ለመርዳት ፍቃደኛ ናቸው					

የኮሜርሻል ኖሚኒስ ቅ/ፍ ሰራተኞች የእርስዎን ጥያቄ ለመመለስ ሁሌም ዝግጁ ናቸው					
ማረጋገጫ	1	2	3	4	5
የኮሜርሻል ኖሚኒስ ቅ/ፍ ሰራተኞች ባህሪ በእርስዎ ውስጥ መተማመን ያሳድራል					
የኮሜርሻል ኖሚኒስ ቅ/ፍ,ጋር ዉልዎት ግብይቶች ደህንነት ይሰማዎታል					
የኮሜርሻል ኖሚኒስ ቅ/ፍ ሰራተኞች በወጥነት በትህትና የተሞላ አቀራረብ አላቸው					
የኮሜርሻል ኖሚኒስ ቅ/ፍ ሰራተኞች የደንበኞችን ጥያቄ መመለስ በቂ እውቀት አላቸው					
መረዳት	1	2	3	4	5
የኮሜርሻል ኖሚኒስ ቅ/ፍ ደንበኞች በግለሰብ ደረጃ ትኩረት ይሰጣል					
የኮሜርሻል ኖሚኒስ ቅ/ፍ ለደንበኞቹ ምቹ የሆነ የስራ ሰአት አለው					
የኮሜርሻል ኖሚኒስ ቅ/ፍ ሰራተኞች ለንበኞች ጥንቃቄ የሚያደርጉ ናቸው					
የኮሜርሻል ኖሚኒስ ቅ/ፍ የልብዎትን ለመፈፀም የተቻላቸውን ሁሉ ያደርጋሉ					
የኮሜርሻል ኖሚኒስ ቅ/ፍ ሰራተኞች የእርስዎን ልዩ ልዩ ፍላጎቶች ይረዳሉ					

ክፍል ሶስት፡ የደንበኞች እርካታ መለኪያ

በሚከተለት አረፍተ ነገሮቹ ያልዎትን የስምምነት ደረጃ እባክዎን ያመልክቱ፡፡ (1 = በከፍተኛ ደረጃ አልረካሁም 2 =አልረካሁም 3 = ውሳኔ አልሰጥም 4 = ረክቻለሁ 5= በከፍተኛ ደረጃ ረክቻለሁ)

መግለጫ	1	2	3	4	5
በአጠቃላይ ፣ እርስዎ የኮሜርሻል ኖሚኒስ ቅ/ፎች በሚሰጡት አገልግሎት ምን ያህል ረክተዋል?					

Appendix C: Statistical Outputs

Reliability Analysis

Reliability Statistics for all 22 items of service quality dimensions

Cronbach's Alpha	N of Items
.960	22

Reliability Statistics – Tangibility Dimension

Cronbach's Alpha	N of Items
.817	4

Reliability Statistics – Reliability Dimension

Cronbach's Alpha	N of Items
.868	5

Reliability Statistics – Responsiveness Dimension

Cronbach's Alpha	N of Items
.839	4

Reliability Statistics – Assurance Dimension

Cronbach's Alpha	N of Items
.702	4

Reliability Statistics

Cronbach's Alpha	N of Items
.893	5

CLRM Assumptions Test

Table 4.12 Residuals Statistics[a]

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	1.8110	5.5481	3.9128	1.14445	149
Residual	-1.14564	1.25695	.00000	.67794	149
Std. Predicted Value	-1.836	1.429	.000	1.000	149
Std. Residual	-1.661	1.822	.000	.983	149

a. Dependent Variable: Level of Satisfaction
Survey result (2019)

Table 4.13   ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	193.844	5	38.769	81.503	.000[b]
	Residual	68.022	143	.476		
	Total	261.866	148			

Table 4.18 **Durbin Watson Test**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.860[a]	.740	.731	.68969	2.585

a. Predictors: (Constant), Empathy, Tangibles, Assurance, Responsiveness, Reliability

b. Dependent Variable: Level of Satisfaction

Survey result (2019)

Linear regressions (Impact of overall service quality on customer satisfaction)

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	193.844	5	38.769	81.503	.000[b]
	Residual	68.022	143	.476		
	Total	261.866	148			

a. Dependent Variable: Level of Satisfaction

b. Predictors: (Constant), Empathy, Tangibles, Assurance, Responsiveness, Reliability

Linear regressions (Impact of service quality dimensions on customer satisfaction)

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.166	.201		.824	.411
	Tangibles	-.011	.105	-.010	-.106	.916
	Reliability	.357	.157	.293	2.270	.025
	Responsiveness	.229	.090	.213	2.553	.012
	Assurance	.527	.101	.443	5.224	.000
	Empathy	-.032	.104	-.029	-.310	.757

a. Dependent Variable: Level of Satisfaction