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## **THE IMPACT OF SERVICE QUALITY ON THE SATISFACTION OF FOREIGN CUSTOMERS IN THE CASE OF COMMERCIAL BANK OF ETHIOPIA**

**A THESIS SUBMITTED TO THE SCHOOL OF GRADUATE  
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**ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE  
GRADUATE SCHOOL**

**THE IMPACT OF SERVICE QUALITY ON THE SATISFACTION OF FOREIGN  
CUSTOMERS IN THE CASE OF COMMERCIAL BANK OF ETHIOPIA**

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## DECLARATION

**I, the under signed, declare that this thesis is my original work and has not been presented for a degree in any University, and that all the sources of material used for the thesis have been duly acknowledged.**

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**Signature** \_\_\_\_\_

**Date** \_\_\_\_\_

## Statement of Certification

This is to certify that Fetene Fikre carried out his project on the topic entitled “**The Impact of Service Quality on the Satisfaction of foreign customers -In the case of Commercial Bank of Ethiopia**” under my supervision. This work is original in nature and is suitable for submission for the award of Degree of Master in the Department of Marketing Management.

---

**Advisor: Mesfin Workineh (PHD)**

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## ACCRONYMS

CBE – Commercial bank of Ethiopia

ACSI – American customer satisfaction index

CSI – Customer satisfaction index

FCY – Foreign currency

GBP- Great Britain Pound

EUR- Euro

USD- United States Dollar

SERVPERF- service performance method (perception only)

SPSS: Statistical Package for Social Sciences

VIF: Variance Inflation Factor

## ABSTRACT

*The general objective of this study is to assess the impact of service quality on the satisfaction of foreign customers in CBE. The focus of the study was on the three branches of commercial Bank of Ethiopia (Africa Union, ECA and IBD branches). To achieve the objectives of this study, data was collected through questionnaire from a sample of 308 foreign customers. Convenient sampling technique was employed in the study with Statistical Package for Social Scientist (SPSS) version 20.00 used in the analysis. The data collected from the questionnaire were analyzed using Statistical tools such as mean, standard deviation, correlation, and multiple regression analysis. The perceptions of foreign customers of commercial bank of Ethiopia were assessed under the five dimensions of service quality through SERVPERF method. The results of this study indicate that, all the five service quality dimensions (tangibility, reliability, responsiveness, assurance and empathy) have positive and significant relationship with foreign customers' satisfaction. The finding of this study also indicates that foreign customers were most satisfied with the responsiveness dimensions of service quality. On the contrary, foreigners were less satisfied with reliability and tangibility dimensions of service quality. Furthermore, the service quality dimensions (tangibility, reliability, assurance, responsiveness and empathy) significantly explain 80% of the variations in the satisfaction of foreign customers. The outcome of study will enhance the Bank stakeholders to identify and assess the significance of service quality dimensions and then to take an action to fix it. In general, to ensure the satisfaction of foreign customers, commercial bank of Ethiopia has to assess regularly the process of service delivery.*

**Key words:** Service quality, Foreign Customers' satisfaction, SERVPERF

## CHAPTER 1 INTRODUCTION

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### 1.1 BACKGROUND

Service is a process consisting of a series of more or less intangible activities that normally, but not necessarily always, takes place in interactions between the customer and service employees and/or physical resources or goods and/or systems of the service provider, which are provided as solutions to customer problems (Gronroos, 2000).

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

Service is viewed differently by both the provider and the consumer. For the provider, service is seen as a process which contains elements of core delivery, service operation, personal attentiveness and interpersonal performance. Whereas the customer views it as part of life which consists of elements of core need, choice and emotional content which are present in different service outputs and encounters and affect each individual’s experience differently, Service interaction involves interpersonal attentiveness from the service personnel who are to provide core services and this contributes to customer satisfaction with the service offered. The economic share of services currently accounts for more than half the sum of all gross national products (GNPs) worldwide (Akan, 1995).

In today’s market place, many service companies need to mobilize their internal energies in order to meet the challenges of a changing environment. One of these challenges includes customers’ demand as the quality of service improves. Competition has compelled service organizations to constantly look for effective and sustainable ways to retain customers so as to remain in business. Strategic quality management in services is therefore improving in industry and this includes the banking sector (Soteriou and Stavrinides, 2000). However, service quality in banks was not always targeted when looking for the mediating factors towards financial performance (Mukherjee et al., 2002). Financial institutions often struggle to find or develop instruments to measure the quality of their services (Bahia and Nantel, 2000).

Delivering quality services is an important marketing strategy (Parasunaman et al., 1991). To be able to meet the changing preferences of the customers and stay ahead of competitors, retail bankers are bound to provide quality and efficient services. Banks can enhance customer service by leveraging on technology, maintenance of efficient service delivery standards and business process re-engineering.

Banks play an important and active role in the financial and economic development of the country. An effective banking system greatly influences the growth of a country in various sectors of the economy. Practitioners in the banking industry face a large number of complex challenges in the global marketplace. It is crucial for banks to better understand changing customer needs and adopt the latest information technology system in order to compete more effectively with global organizations (Malhotra & Mukherjee, 2004).

Commercial Bank of Ethiopia dates back to the establishment of the state bank of Ethiopia in 1942. It was legally established as a share company in 1963. In 1974, CBE merged with the privately owned Addis Ababa Bank. Since then it has been playing significant role in the development of the country. CBE is pioneer to introduce modern banking in the country and has more than 1160 branches stretched across the country. It is the leading African bank with assets 384.6 Billion birr as on June 30, 2016 and plays a catalytic role in the economic progress and development of the country. CBE has more than 13.3 million account holders. And the number of mobile and internet banking users also reached more than 1,352,000 as of September 30, 2016. It is the first bank in Ethiopia to introduce ATM service for local users. Active ATM card holder customers reached more than 3 million users.

CBE has strong correspondent relationship with more than 50 renowned foreign banks like Commerzbank A.G, Royal Bank of Canada, Citibank, HSBC bank etc...and has SWIFT bilateral arrangement with more than 700 other banks across the world. CBE combines a wide capital base with more than 29,000 talented and committed employees. It is pioneer to introduce Western Union money transfer services in Ethiopia early 1990s and currently working with other 20 money transfer agents. CBE has reliable and long-standing relationships with many internationally acclaimed banks throughout the world.

## 1.2 Statement of Problem

Theoretically, Service quality is a term used to express achievement obtained in a service. Parasuraman et al (1985) viewed service quality as the degree and direction of discrepancy between customers' service perception and expectations. They argued that service quality involves not only the outcome but also the delivery process. Moreover, in one of his researches conducted in 1988, these authors maintained that service quality is a function of the difference between service expected and customers' perceptions of the actual service delivered. On his part, service quality described as the consumer's judgment about an entity's overall excellence or superiority. It is a form of attitude, and results from a comparison of expectations to perceptions of performance received (Zeithaml, 1987). Service quality as meeting customers' needs, requirements and how well the service delivered meets customers' expectations (Lewis, 1989).

Although studies on the quality of banking services have been extensively done, this research may imply differently to investigate the service quality of banking from foreigner's point of view

which has different background, culture & experience. Culture is that complex whole, which includes knowledge, belief, art, law, morals, customs and any other capabilities and habits acquired by humans as members of society. Culture influences the pattern of living, consumption, and decision-making by individuals (Lawan&Zanna, 2013).

Culture can be acquired from the family, from the region or from all that has been around us while we were growing up and learning the ways of the world (Kotler, 2000). Since service encounters are interpersonal social encounters, a customer's personal judgment of satisfaction or dissatisfaction is based on rules and expectations that vary from culture to culture (McCallum and Harrison 1985; Czepiel 1990). A customer therefore attaches meaning to a service encounter by comparing it to his/her culturally based standard or expectation. So this research may help to view and compare the service quality level of CBE widely in the worldwide.

In the search to improve its services, retain and attract customers, commercial bank of Ethiopia has introduced innovative measures like opening a lot of networked branches closer to customer, ATM network, mobile and internet banking, different types of accounts which have different types of benefits among others, all in the interest of enhancing customers comfort. These efforts which aim at bringing satisfaction to the customers seem to be a little bit useless. Customers' preferences and expectations seem not to match up with the banks initiatives. There is continuous complaint of long waiting at the banking hall, failure of network system and problems of Automatic Teller Machine.

Specially, in the case of CBE AU-branch, foreign customer complaining about the service and would like to tell about their home country banking service and other international banking service experiences, compared with CBE banking services. These and other emerging situation initiate to study for the assessment of service quality in relation to foreign customer expectation and service performance to CBE to view the satisfaction regarding to service quality.

### **1.3 Research Questions**

#### **Main Questions**

What is the impact of Service Quality on the satisfaction of foreign customers of CBE?

#### **Sub Questions**

1. What is the level of quality of service provided by CBE from foreigner's point of view when measured by service quality dimensions?
2. What is the level of satisfaction of foreign customers deriving from the services of CBE?
3. What is the perception of foreign customers on service delivered by CBE?
4. Which dimensions are the best predictors of overall service quality perceived by foreign customers in CBE?

## **1.4 Objectives of the study**

The aim of this research is to investigate the service quality and examine its impacts on the satisfaction of foreign customers. And the ways through which service firms can identify and develop know-how to fill the gap in the process of delivering quality standards to their customers.

### **1.4.1 General Objective**

The main objective of this study is to examine the impact of service quality on the satisfaction of foreign customers of commercial bank of Ethiopia.

### **1.4.2 Specific objective**

The specific objectives of the study are to:

1. Assess service quality level of CBE using SERVPERF dimensions.
2. Assess foreign customers' satisfaction level of the services provided by CBE.
3. To analyze the perception of foreign customers as regards to service quality.
4. To identify the main attributes of service quality in which foreign customers are more satisfied or dissatisfied in CBE.

## **1.5 Significance of Study**

First of all this research may help me/our branch to investigate the expectation of foreign customers. This study also identifies quality dimensions significant to CBE to enable, compare and may take actions to fill the gap between what customer need / expect and receive. This will enhance the Banks competitive position in the banking industry and ensure to catch up its vision of 2025.

In the other way as it is expressed in the above, CBE is working to its vision of "being one of the world class bank at 2025" then this research will examine and show where CBE is regarding to service quality to the success of its vision. Lastly, the study will serve as a guideline for further research in service quality in the banking industry or related field.

## **1.6 Scope of Study**

The study is limited to banking sector of service quality practices of CBE. The Bank has more than 1160 branches throughout the country. This study however focuses on the three branches of CBE located in Addis Ababa. i.e. 1) Africa union branch– which is inside the head quarter of African Union compound. 2) IBD branch (International bank operation division) –which is around national theatre first floor of Addis Ababa branch. 3) ECA branch- which is inside ECA/UN compound around kazanchis. These branches are selected since they give their service mainly for foreigners. And at the last but not the least, a lot of researches are done relative to

service quality of banks but this research is differentiated and limited to a view from foreign customers only.

### 1.7 Limitation of the study

This have some limitations. The study is purely based on the customer's opinion due to different constraints. There by excluding the views of employees and managements of CBE. The researcher felt that the customers might express a biased opinion, which may limit the validity of the study. Respondents' opinion may change from time to time and the responses are subject to variation depending upon the situation and the attitude of the respondents at the time of the survey. So it is recommended the next research to consider employees and customers based. The research also limited to CBE which is government bank not included private banks. As a result of this, the findings of the research may not be generalized to the banking industry. And it is recommended for further research to be holistic (private and Gov't banks).

### 1.8. Ethical consideration

Participants/respondents informed in advance about the nature of the study and confidentiality of their responses. This is stated in the questionnaire that its purpose was for only academy.

This finding is reported in a complete and honest way, without misrepresenting what has been done. The researcher treated all the information collected from participants with confidentiality without disclosing the respondent's identity and was as open minded as possible and expressed opinions as they gave.

### 1.9. Operational Definitions:

- **Customer:** a person who is somehow in connection with an organization and receives its goods or services.
- **Customer satisfaction:** Is a state when the customer feels a product or a service meets his/her expectations. (Juran, 1992).
- **Service:** A series of intangible, activities throughout interactions between customers and service employees which are presented as a solution for their problems (Gronroos, 1990, P. 279).
- **Perception:** the act of perceiving, cognizance by the senses or intellect, apprehension by the mind.
- **Quality:** It consists of a collection of specifications of a product or a service which meets expectations of a customer.
- **Service quality:** The difference between customer's expectations and that of his perceived concept of real performance of service. (Zethaml&Bitner, 1996)
- **Expectations:** The same ideal service which is desired by a customer before his entering to an organization.

- Foreign Customers - non-Ethiopians citizens of CBE customers.

## 1.10 Organization of the Paper

The paper is prepared in five chapters. The first chapter dealt with introductory part consisting of background of the study, statement of the problem, objectives of the study, methodology, significance of the study and scope and limitation of the study with ethical consideration.

In the second chapter of the paper where literature review is presented various empirical and theoretical concepts that are related with service quality dimensions, Service quality measurement models and issues related with customer satisfaction and finally the conceptual model are discussed.

The third chapter presents details of the research design, sample size determination, sampling technique, data source and collection method, procedure of data collection, questionnaire and the method of data analysis.

Analysis of collected data and interpretation of the analyzed data are presented in the fourth chapter. The final chapter presents summaries of findings, conclusions and possible recommendations.

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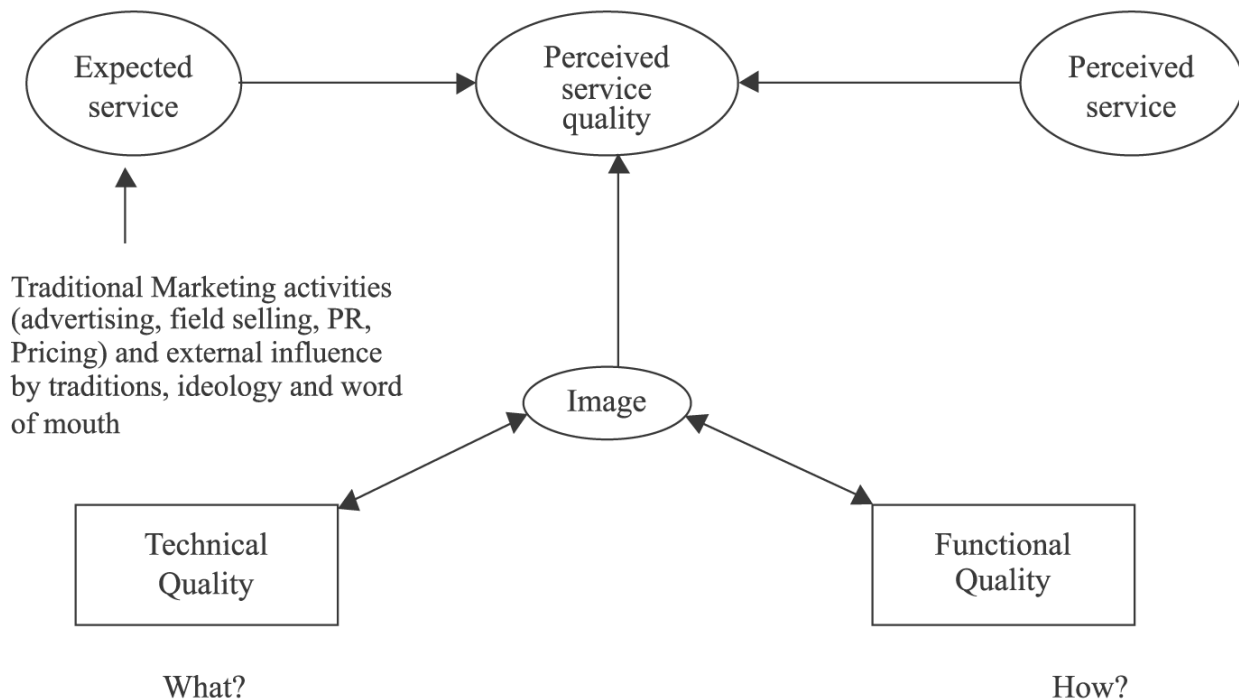
## CHAPTER TWO LITRATURE REVIEW

### 2.1 THEORETICAL REVIEW

#### 2.1.1 Service quality models

The present study is an attempt to review 15 service models in the light of the changed business scenario and analyze the models for the suitability/need for modification in the current context. The models are presented using a standard structure, i.e. covering brief discussion and the major observations on the models.

##### 2.1.1.1 Technical and functional quality model (Gronroos, 1984)



**Source:** Grönroos (1984)

Figure 2.1 Service quality model

A firm in order to compete successfully must have an understanding of consumer perception of the quality and the way service quality is influenced. Managing perceived service quality means that the firm has to match the expected service and perceived service to each other so that consumer satisfaction is achieved. The author identified three components of service quality, namely: technical quality; functional quality; and image (see Figure 1):

(1) Technical quality is the quality of what consumer actually receives as a result of his/her interaction with the service firm and is important to him/her and to his/her evaluation of the quality of service.

(2) Functional quality is how he/she gets the technical outcome. This is important to him and to his/her views of service he/she has received.

(3) Image is very important to service firms and this can be expected to build up mainly by technical and functional quality of service including the other factors (tradition, ideology, word of mouth, pricing and public relations).

*Findings of the model - Service quality depends on technical quality, functional quality and corporate image of the organization in consideration Functional quality is more important than the technical quality.*

*Limitations - The model does not offer an explanation on how to measure functional and technical quality.*

#### **2.1.1.2 GAP model (Parasuraman et al., 1985)**

Parasuraman et al. (1985) proposed that service quality is a function of the differences between expectation and performance along the quality dimensions. They developed a service quality model (Figure 2) based on gap analysis. The various gaps visualized in the model are:

Gap 1 - Difference between consumers' expectation and management's perceptions of those expectations, i.e. not knowing what consumers expect.

Gap 2 - Difference between management's perceptions of consumer's expectations and service quality specifications, i.e. improper service-quality standards.

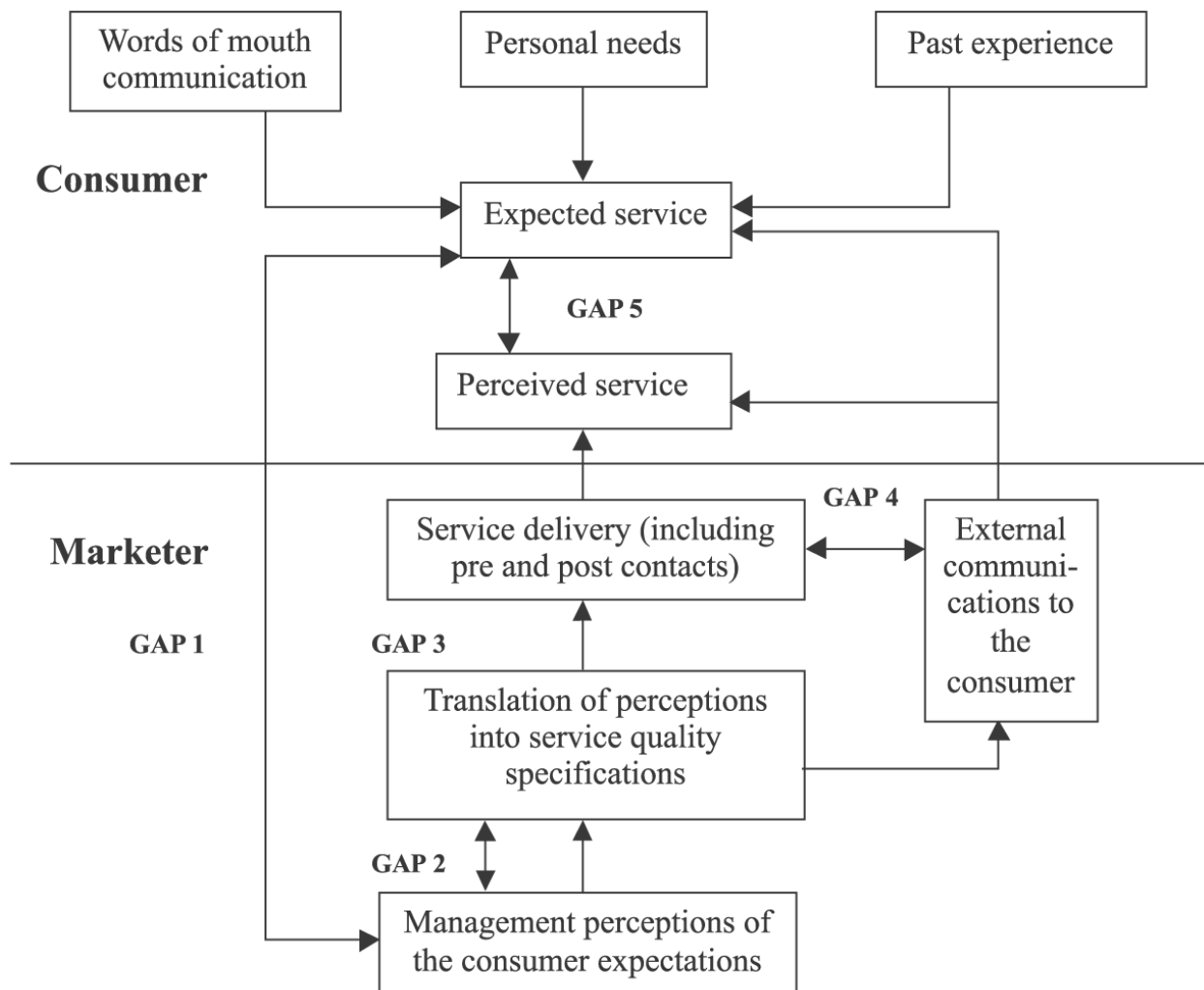
Gap 3 - Difference between service quality specifications and service actually delivered i.e. the service performance gap.

Gap 4 - Difference between service delivery and the communications to consumers about service delivery, i.e. whether promises match delivery?

Gap 5 - Difference between consumer's expectation and perceived service. This gap depends on size and direction of the four gaps associated with the delivery of service quality on the marketer's side.

According to this model, the service quality is a function of perception and expectations. This exploratory research was refined with their subsequent scale named SERVQUAL for measuring customers' perceptions of service quality. (Parasuraman et al., 1988). At this point the original ten dimensions of service quality collapsed in to five dimensions: reliability, responsiveness,

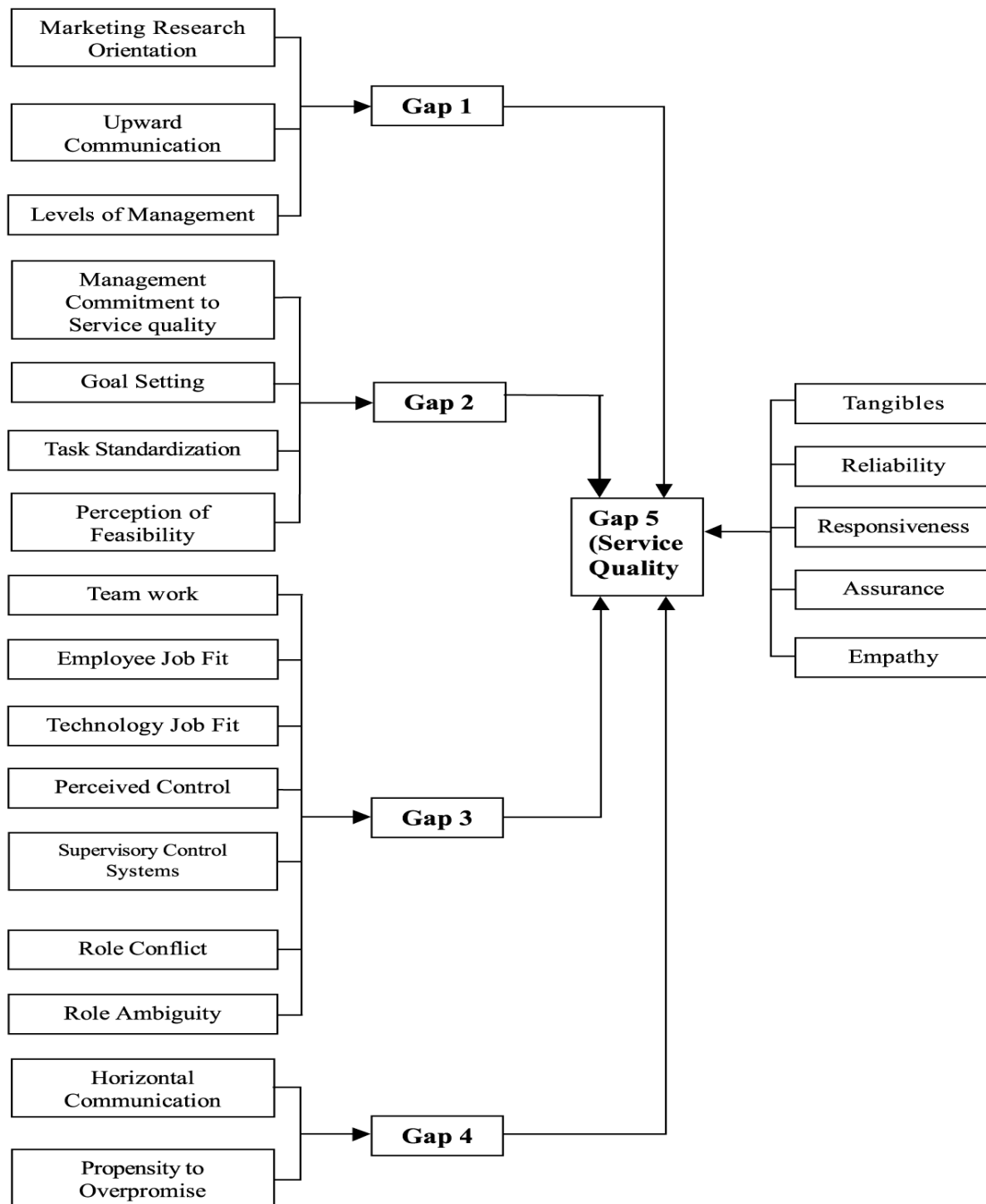
tangibles, assurance (communication, competence, credibility, courtesy, and security) and empathy which capture access and understanding/knowing the customers.



**Source:** Parasuraman *et al.* (1985)

Figure 2.2 Gap analysis model

Later SERVQUAL was revised in 1991 by replacing “should” word by “would” and in 1994 by reducing the total number of items to 21, but five dimensional structure remaining the same. In addition to this empirical research, the authors characterized and further delineated the four gaps identified in their research of 1985. This led to extended service quality model (Figure 3).



Source: Zeithaml *et al.* (1988)

Figure 2.3 Extended model of service quality

According to this extended model most factors involve communication and control process implemented in organizations to manage employees.

*Findings -The model is an analytical tool. It enables the management to identify systematically service quality gaps between a numbers of variables affecting the quality of the offering. The model is externally focused. It is capable of assisting the management to identify the relevant service quality factors from the viewpoint of the consumer exploratory study.*

*Limitations –Even though this is the most common and preferable model, the model does not explain the clear measurement procedure for the measurement of gaps at different levels in detail.*

### **2.1.1.3 Attribute service quality model (Haywood-Farmer, 1988)**

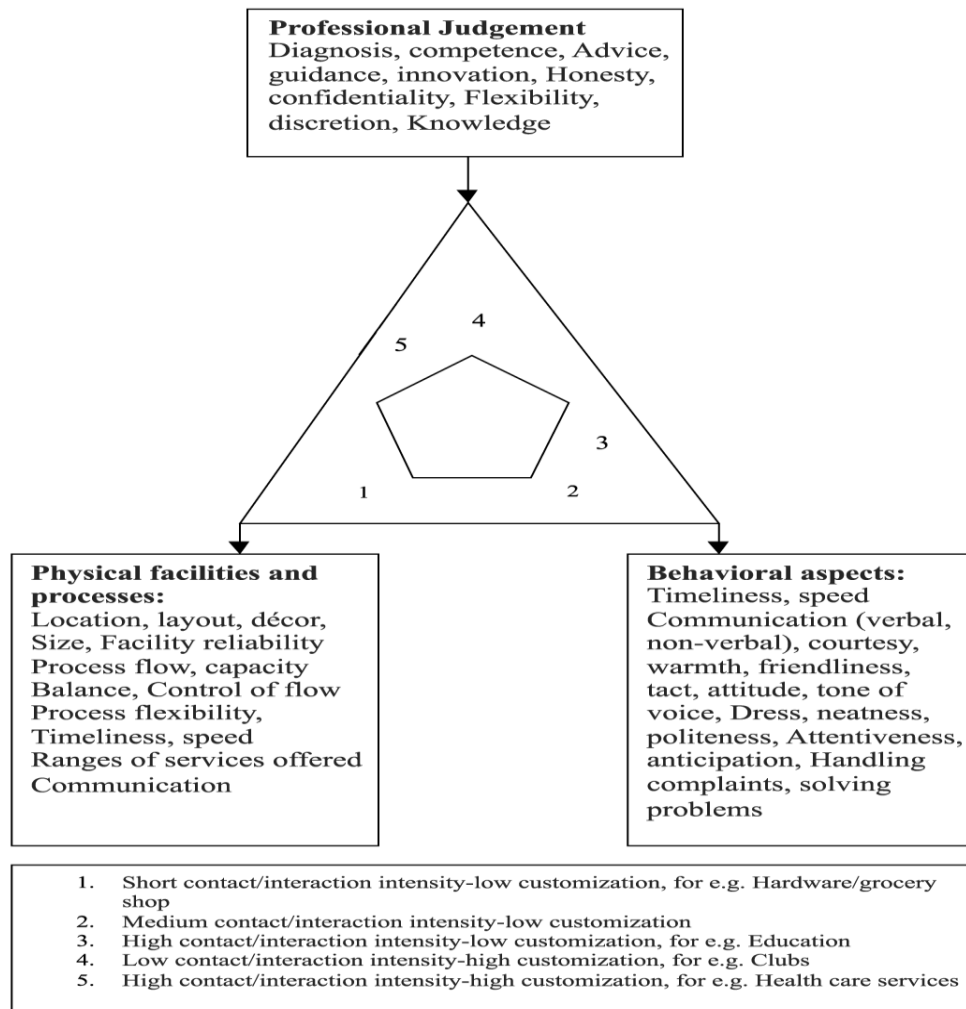
This model (Figure 4) states that a service organization has “high quality” if it meets customer preferences and expectations consistently. According to this, the separation of attributes into various groups is the first step towards the development of a service quality model. In general, services have three basic attributes: physical facilities and processes; people’s behaviour; and professional judgment. Each attribute consists of several factors. In this model, each set of attributes forms an apex of the triangle as shown in Figure 4. Too much concentration on any one of these elements to the exclusion of other may be appropriate it may lead to disaster for e.g. too much emphasis on procedures may give an impression to the customer that he will be processed as per his sequence. The author tried to map different type of service settings as per degree of contact and interaction, degree of labor intensity and degree of service customization in to this model.

For example services, which are low in terms of customers’ contact customization and labor intensity (utilities, transportation of goods etc.), are closer to physical facility and process attribute of the model. Thus, the model suggests that special care at this instant must be taken to make sure that equipment is reliable and easy for customer to use.

*Findings - This model provides a base of segregating service organization on three dimensions for better management of quality. The model has the potential to enhance understanding of the concepts of service quality and help to guide about targeting towards the right customer segment.*

*This model is useful both in the design stage and periodically as the service and possibly customer taste evolve.*

*Limitations - It does not offer the measurement of service quality and it does not offer a practical procedure capable of helping management to identify service quality problems or practical means of improving service quality.*



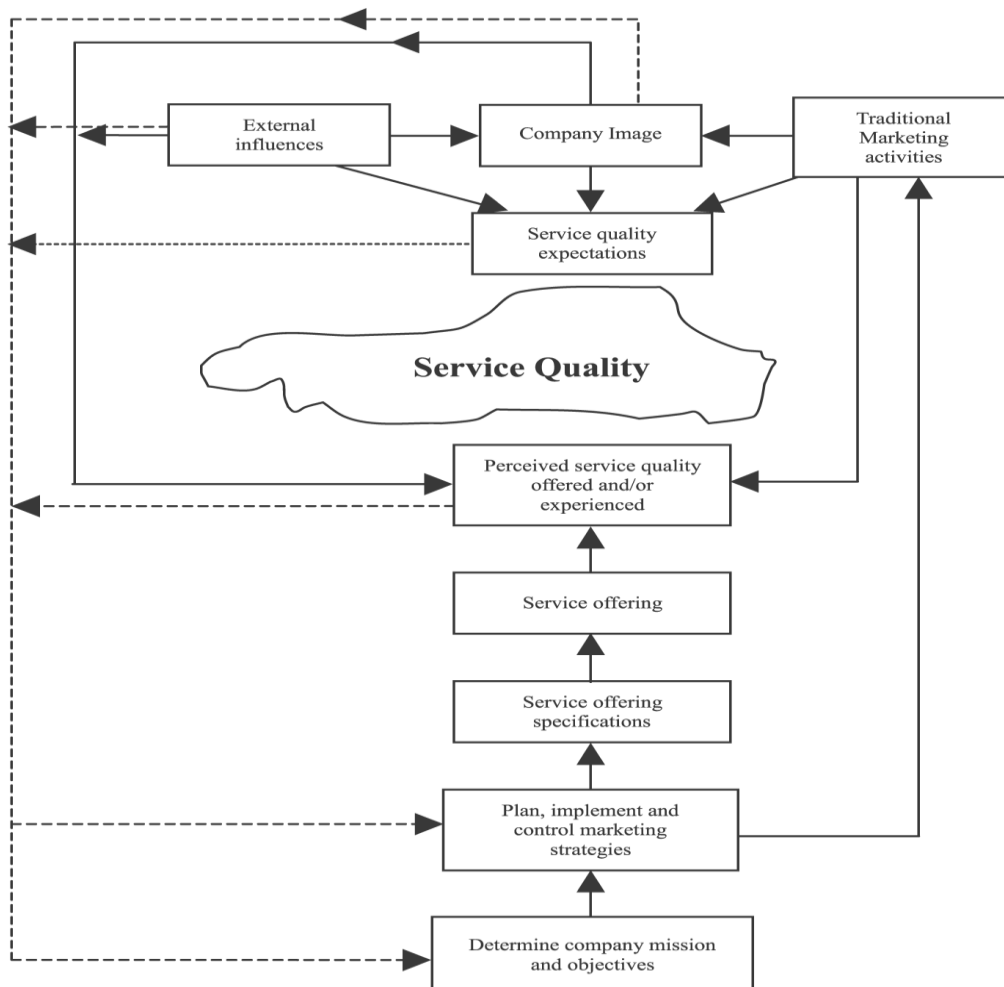
Source: Haywood-Farmer (1988)

Figure 2.4. Attribute service quality model

#### 2.1.1.4 Synthesized model of service quality (Brogowicz et al., 1990)

A service quality gap may exist even when a customer has not yet experienced the service but learned through word of mouth, advertising or through other media communications. Thus there is a need to incorporate potential customers' perceptions of service quality offered as well as actual customers' perceptions of service quality experienced.

This model attempts to integrate traditional managerial framework, service design and operations and marketing activities. The purpose of this model is to identify the dimensions associated with service quality in a traditional managerial framework of planning, implementation and control. The synthesized model of service quality (Figure 5) considers three factors, viz. company image, external influences and traditional marketing activities as the factors influencing technical and functional quality expectations.



Source: Brogowicz *et al.* (1990)

Figure 2.5 Synthesized model of service quality

*Findings* - The use of this model and related managerial tasks can help managers to improve the success of their service offerings in any industry. This model identifies key variables that require systematic management attention in planning, implementation and controlling service-marketing strategies that prevent or minimize service quality gap.

*Limitations* - Needs empirical validation, Need to be reviewed for different type of service settings.

### 2.1.1.5 Performance only model (Cronin and Taylor, 1992)

The authors investigated the conceptualization and measurement of service quality and its relationship with consumer satisfaction and purchase intentions. They compared computed difference scores with perception to conclude that perceptions only are better predictor of service quality. They argued on the framework of Parasuraman *et al.* (1985), with respect to

conceptualization and measurement of service quality and developed performance only measurement of service quality called SERVPERF by illustrating that service quality is a form of consumer attitude and the performance only measure of service quality is an enhanced means of measuring service quality. They argued that SERVQUAL confounds satisfaction and attitude. They stated that service quality can be conceptualized as “similar to an attitude”, and can be operationalized by the adequacy-importance model. In particular, they maintained that Performance instead of “Performance-Expectation” determines service quality. Service quality is evaluated by perceptions only without expectations.

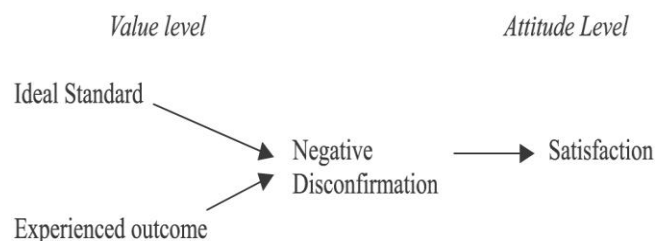
*Findings - Performance only model Service quality should be conceptualized and measured as an attitude. The performance-based SERVPERF is efficient in comparison with SERVQUAL, as it directly reduces the number of items by 50 percent and the results are better. Service quality is an antecedent of consumer satisfaction and may have a better effect on purchase intentions than service quality.*

*Limitations - Need to be generalized for all types of service settings and Quantitative relationship between consumer satisfaction and service quality need to be established.*

#### 2.1.1.6 Ideal value model of service quality (Mattsson, 1992)

In majority of the studies on service quality “expectation is treated as belief about having desired attributes as the standard for evaluation”. However, this issue needs to be examined in the light of other standards such as experience based, ideal, minimum, tolerable and desirable. The model argues for value approach to service quality, modeling it as an outcome of satisfaction process.

This value-based model of service quality suggests the use of a perceived ideal standard against which the experience is compared. Figure 6 shows that implicit negative disconfirmation on a pre-conscious value level, is then hypothesized to determine satisfaction on a “higher” attitude level. This negative disconfirmation is the major determinant of consumer satisfaction, more attention should be given to cognitive processes by which consumers’ service concepts are formed and changed.



Source: Mattsson (1992)

Figure 2.6 Value and attitude in negative disconfirmation

*Findings - This model incorporates and defines the importance of diverse components of the service encounter to be studied. This model provides a new learning perspective on how an ideal standard can be formed and how it can be sustained mentally. The model highlights attention to the importance of negative disconfirmation experience as a determinant for satisfaction outcome.*

*Limitations - Fewer number of items used for value and customer satisfaction; and Needs to be defined for all types of service settings.*

#### **2.1.1.7 Evaluated performance and normed quality model (Teas, 1993)**

According to the author the conventional disconfirmation model has conceptual, theoretical and measurement problems. He pointed out that the following issues in the measurement of service quality, i.e. SERVQUAL (Parasuraman et al., 1988) as: conceptual definition ambiguity; theoretical justification of expectations in the measurement of service quality; the usefulness of the probability specification in the evaluated performance (EP) measurement; and link between service quality and consumer satisfaction/dissatisfaction.

*Findings - The model raised a number of issues pertaining to conceptual and operational definitions of expectation and revised expectation. The criterion and construct validity of the EP model was higher than both the SERVQUAL and NQ model.*

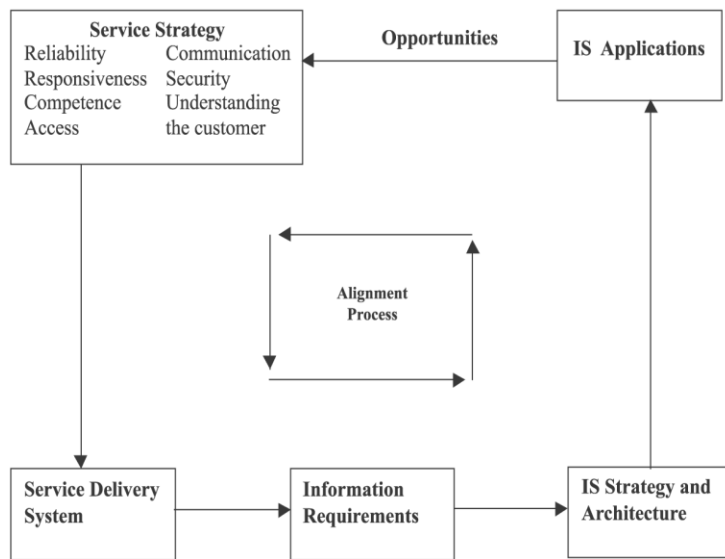
*Limitations - This model was tested for limited sample size and for narrow service setting (discount store).*

#### **2.1.1.8 IT alignment model (Berkley and Gupta, 1994)**

Investments in information technology (IT) sectors are generally aimed at productivity of efficiency gains with a little attention to improve customer service and long-run customer effectiveness. This model (Figure 7) links the service and the information strategies of the organization. It describes the use of IT for improving service quality through a number of case studies from variety of sectors (banking, courier, transportation, manufacturing and services industries).

This model describes in detail where IT had been used or could be used to improve specific service quality dimensions including reliability, responsiveness, competence, access, communications, security, understanding and knowing the customers. Through some case studies use of IT for quality control (collect customer data, monitor operations and facilitate service) is also demonstrated.

According to the model (Figure 7), it is important that service quality and information system (IS) strategies must be tightly coordinated and aligned. The model explains the process of aligning service and aligning strategies.



Source: Berkley and Gupta (1994)

Figure 2.7. IT alignment model

*Findings - This model describes how IT can be used to improve customer service along key service quality dimensions including reliability, responsiveness, competence, access, communication, security and understanding the customer. This model can help the organizations to realize the complete benefit of using information systems for delivering improved quality of service. Allows managers to understand the commonly used technologies in their industry and determine appropriate technology suiting their requirements.*

*Limitations - It only highlights the impact of IT on service quality. The model does not offer a way to measure and monitor service quality. It is silent about the level of IT use for particular service settings.*

### 2.1.1.9 Attribute and overall affect model (Dabholkar, 1996)

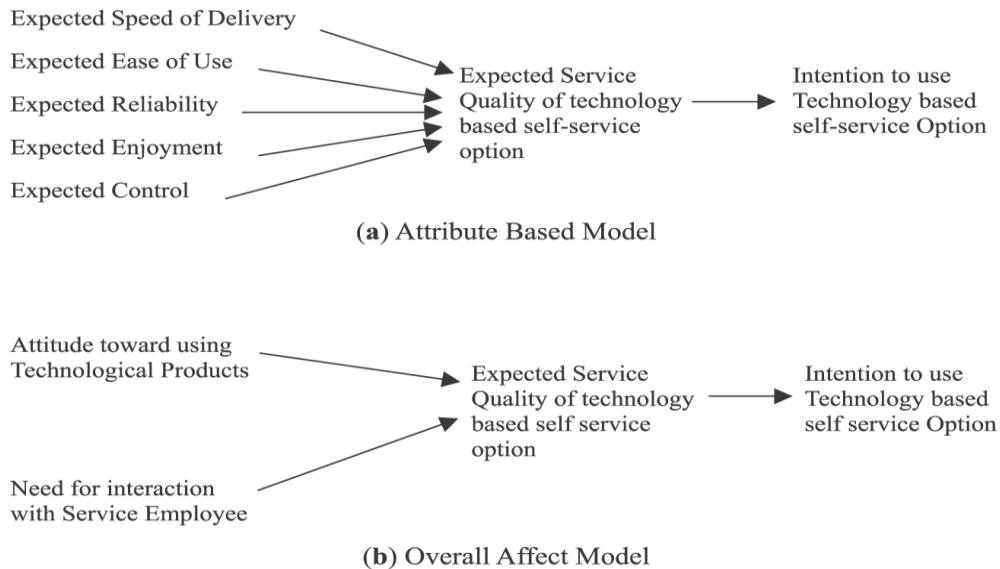
The author proposed two alternative models of service quality for technology-based self-service options. Self-service is becoming popular day by day owing to high cost of labor in service deliveries.

The attribute model (Figure 8(a)) is based on what consumers would expect from such option. It is based on cognitive approach to decision making, where consumers would use a compensatory process to evaluate attributes associated with the technology based self-service option in order to form expectations of service quality.

The overall affect model (Figure 8(b)) is based on the consumers' feeling towards the use of technology. It is based on an effective approach to decision making where consumers would use

overall predispositions to form expectation self-service quality for a technology-based self-service option.

In both the models expected service quality would influence intentions to use technology-based self-service option.



Source: Dabholkar (1996)

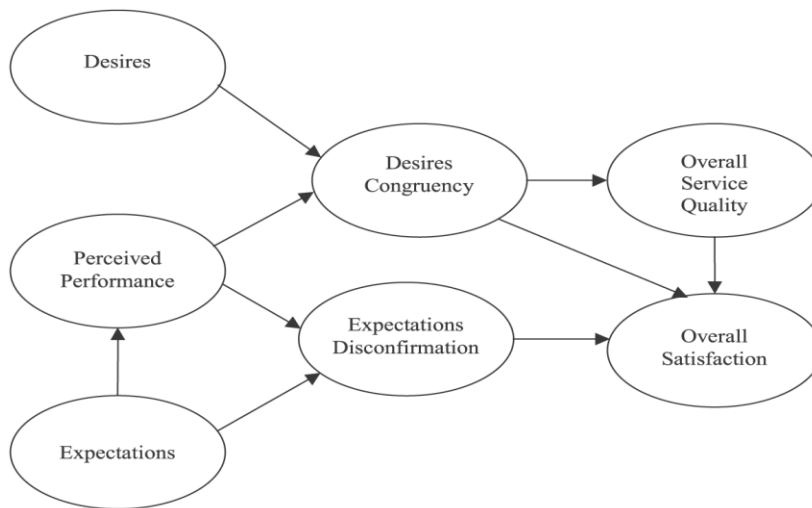
Figure 2.8. (a) Attribute based model (b) Overall affect model

*Findings - The attribute-based model is favored in forming the evaluations of service quality for technology-based self-service options. The overall affect model is also supported but it does not add further explanatory power to the attribute-based model.*

*Limitations - Needs to be generalized for different self-service options and Effect of demographic variables, price, physical environment etc. is not considered.*

#### 2.1.1.10 Model of perceived service quality and satisfaction (Spreng and Mackoy, 1996)

This model (Figure 9) attempts to enhance the understanding of the constructs perceived service quality and consumer satisfaction. This model is modification to Oliver's (1993) model. The model highlights the effect of expectations, perceived performance desires, desired congruency and expectation disconfirmation on overall service quality and customer satisfaction. These are measured through set of ten attributes of advising (convenience in making an appointment, friendliness of the staff, advisor listened to my questions, the advisor provided accurate information, the knowledge of the advisor, the advice was consistent, advisor helped in long-range planning, the advisor helped in choosing the right courses for career, advisor was interested in personal life, and the offices were professional).



Source: Spreng and Mackoy (1996)

### Figure 2.9. Satisfaction-service quality model

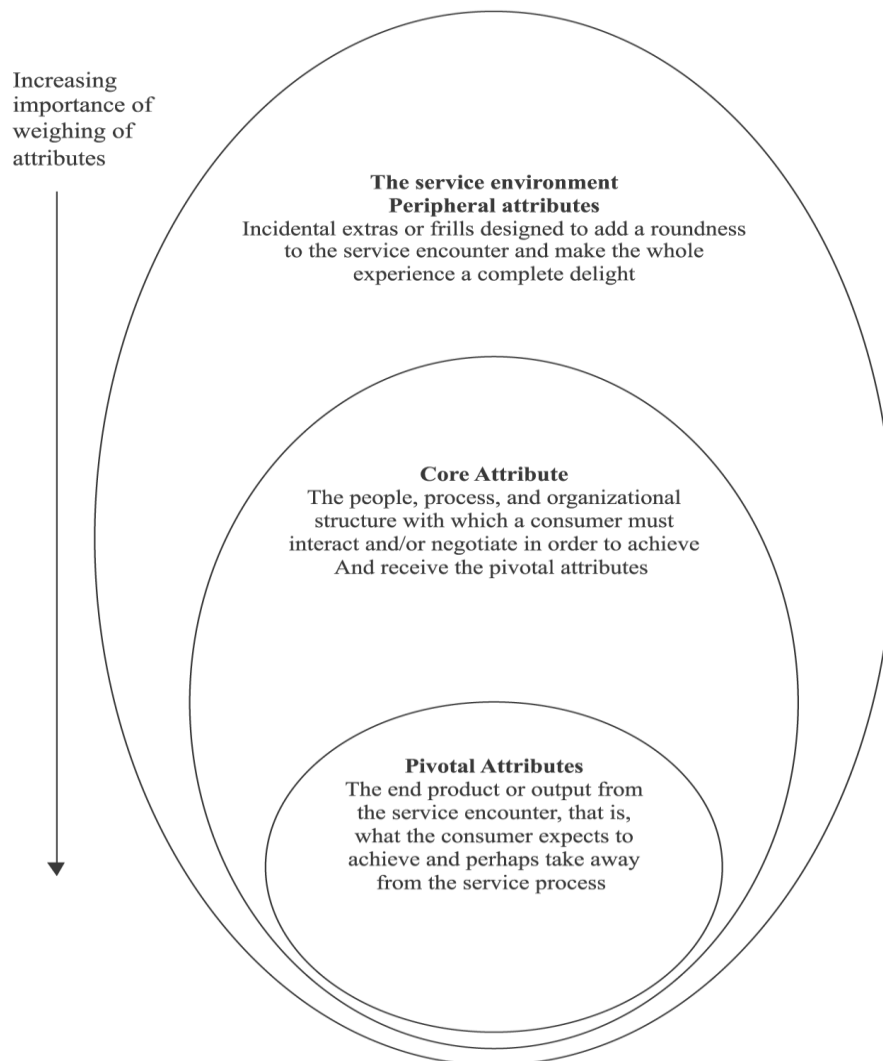
*Findings* - This model shows that service quality and satisfaction are distinct and desires congruency does influence satisfaction. A key determinant of service quality and customer satisfaction is meeting customer desires. Rising expectations have a positive effect on customer satisfaction perceptions of performance, but they also have a negative effect on satisfaction through disconfirmation.

*Limitations* - The model does not highlight how the service quality is achieved and operationalized. The model is weak in providing directions for improvements in service quality.

#### 2.1.1.11 PCP attribute model (Philip and Hazlett, 1997)

The authors propose a model that takes the form of a hierarchical structure – based on three main classes of attributes – pivotal, core and peripheral. According to the model (Figure 10), every service consists of three, overlapping, areas where the vast majority of the dimensions and concepts which have thus far been used to define service quality. These ranked levels are defined as – pivotal (outputs), core and peripheral (jointly representing inputs and processes). The pivotal attributes, located at the core, are considered collectively to be the single most determining influence on why the consumer decided to approach a particular organization and exert the greatest influence on the satisfaction levels. They are defined as the “end product” or “output” from the service encounter; in other words, what the consumer expects to achieve and receive, perhaps even “take away” when the service process is duly completed.

Core attributes, centered on the pivotal attributes, can best be described as the amalgamation of the people, processes and the service organizational structure through which consumers must interact and/or negotiate so that they can achieve/receive the pivotal attribute.



Source: Philip and Hazlett (1997)

Figure 2.10 PCP attribute model

The third level of model focuses on the peripheral attributes which can be defined as the “incidental extras” or frills designed to add “roundness” to the service encounter and make the whole experience for the consumer a complete delight.

When a consumer makes an evaluation of any service encounter, he is satisfied if the pivotal attributes are achieved, but as the service is used more frequently the core and peripheral attributes may begin to gain importance.

*Findings - Provides a simple, effective and general framework of assessing service quality for any service sector. The model Highlight the area of improvements for service quality depending on the frequency of encounter. The dimensions to these three levels of attributes are individual sector-dependent and with reference to consumer.*

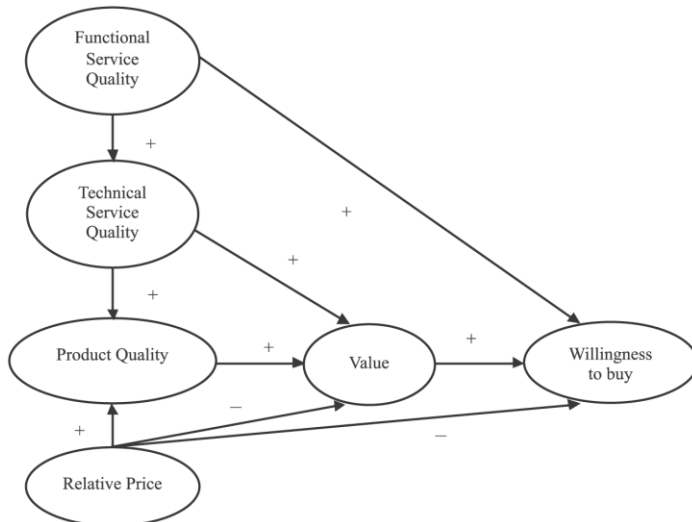
*Limitations - The model is lacking in providing general dimensions to three levels of attributes and Lacks empirical validation.*

**2.1.1.12 Retail service quality and perceived value model (Sweeney et al., 1997)**

The influence of service quality on value and willingness to buy in a specific service encounters through two alternative models. Value can be defined as a comparison between what consumers get and what they give, suggesting that value is a comparison of benefits and sacrifices. (Zeithaml et al.,1988). Value construct used in this model is “value for money”.

Model 1: this model highlights that in addition to product quality and price perceptions, functional service quality and technical service quality perceptions both directly influence value perceptions.

Model 2: this model highlights that in addition functional service quality perceptions directly influence consumers’ willingness to buy. Functional service quality perceptions also influence technical service quality perceptions, which in turn influence product quality perceptions and neither of the two directly influence value perceptions.



Source: Sweeney et al. (1997)

Figure 2.11 Modified model

On analysis, of modification indices for model 2 (being superior to model 1) it is possible to make significant improvement in this model (Figure 11) by allowing technical service quality to influence perceived value directly.

*Findings- The technical service quality is an important contributor to product quality and value perceptions and hence influences willingness to buy*

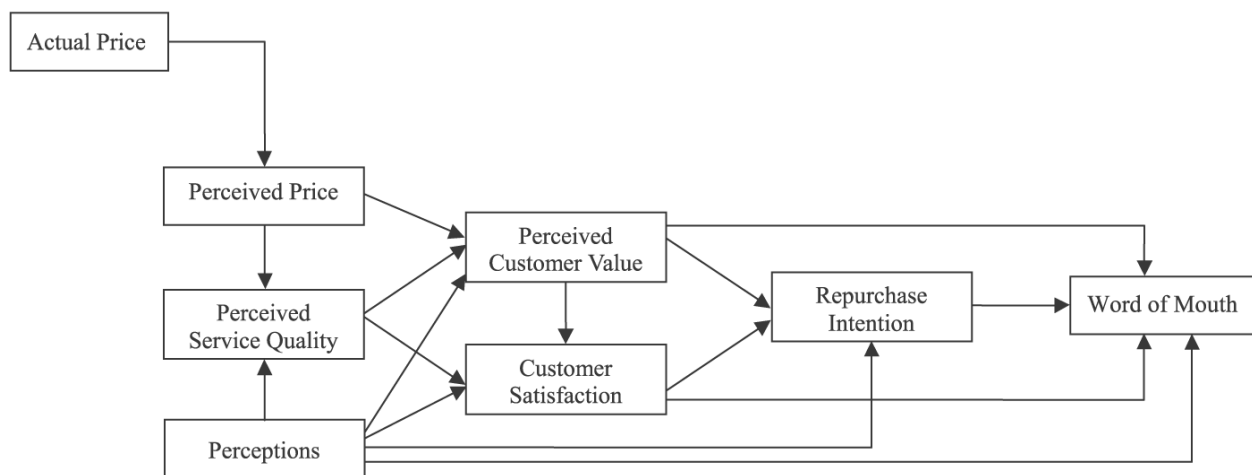
*Functional service quality has indirect influence on willingness to buy through product quality and value perception; however, it has influence on willingness to buy that is independent of product assessment (poor staff manners)*

*Limitations - The model considers only one value construct, i.e value for money and Fewer number of items per construct are taken in this study.*

### 2.1.1.13 Service quality, customer value and customer satisfaction model (Oh, 1999)

The author proposed an integrative model (Figure 12) of service quality, customer value and customer satisfaction. The proposed model focuses mainly on post purchase decision process. Arrows in the model indicate causal directions. The model incorporates key variables such as perceptions, service quality, consumer satisfaction, customer value and intentions to repurchase. Finally word of mouth communication intention is conceptualized as a direct, combined function of perceptions, value, satisfaction and repurchase intentions.

The model provides evidence that customer value has a significant role in customer's post-purchase decision-making process. It is an immediate antecedent to customer satisfaction and repurchases intentions. Results also indicate that perceived price has a negative influence on perceived customer value and no relationship with perceived service quality.



**Figure 2.12 Model of service quality, customer value and customer satisfaction**

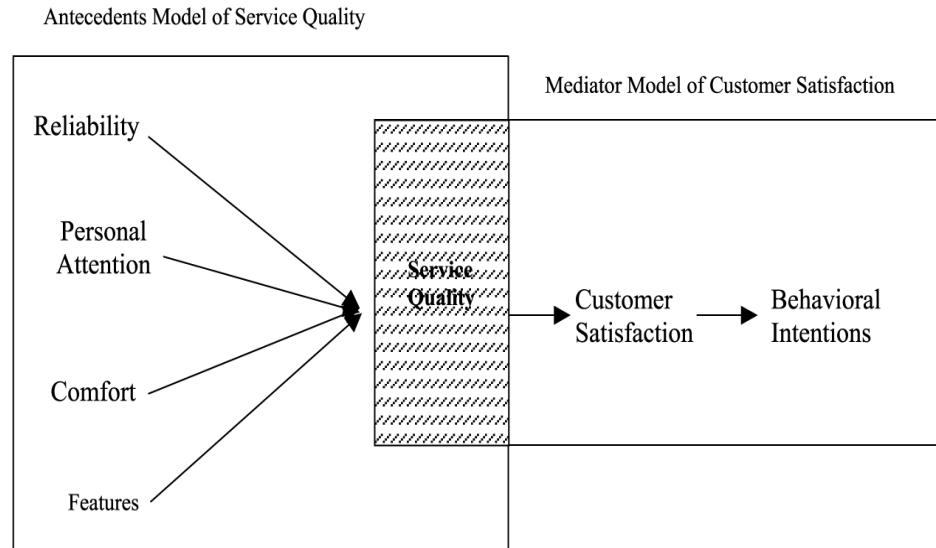
*Findings - The model can be used as a framework for understanding consumer decision process as well as evaluating company performance.*

*This model provides directions and targets for customer-oriented company efforts. The Model needs to be generalized for different types of service settings.*

*Limitations - Model variables are measured through relatively fewer items*

### 2.1.1.14 Antecedents and mediator model (Dabholkar et al., 2000)

A comprehensive model of service quality is depicted in Figure 13, which includes an examination of its antecedents, consequences, and mediators to provide a deeper understanding of conceptual issues related to service quality. This model examines some conceptual issues in service quality as: the relevant factors related to service quality better conceived as components or antecedents and the relationship of customer satisfaction with behavioral intentions.



Source: Dabholkar et al. (2000)

Figure 2.13 Antecedents and mediator model

*Findings - Consumers evaluate different factors related to the service but also form a separate overall evaluation of the service quality (which is not a straightforward sum of the components)*

*The antecedent's model can provide complete understanding of service quality and how these evaluations are formed. Customer satisfaction is a better predictor of behavioral Intentions. A strong mediating role was found, confirming that it is important to measure customer satisfaction separately from service quality when trying to determine customer evaluations of service*

*Limitations - Antecedents of customer satisfaction have not been explored, the model measures behavioral intention rather than actual behavior and Needs to be generalized for different service settings.*

### **2.1.1.15 internal service quality model (Frost and Kumar, 2000)**

The authors have developed an internal service quality model based on the concept of GAP model (Parasuraman et al., 1985). The model (Figure 14) evaluated the dimensions, and their relationships, that determine service quality among internal customers (front-line staff) and internal suppliers (support staff) within a large service organization.

The internal gap 1 shows the difference in support staff's perception (internal supplier) of front-line staff's expectation (internal customers). Internal gap 2 is the significant difference between service quality specifications and the service actually delivered resulting in an internal service performance gap. Internal gap 3 is the gap which focuses on the front-line staff (internal customers). The gap is based on the difference between front-line staff's expectations and perceptions of support staff's (internal supplier) service quality.

*Findings - The perceptions and expectations of internal customers and internal suppliers play a major role in recognizing the level of internal service quality perceived.*

*Limitation - Need to be generalized for all types of internal environments, Effect of changes in external environment on model is not considered*

### **2.1.2 Observations and evaluation of service quality model**

Owing to the importance of service quality, there has been a systematic development of a variety of concepts and models.

Gronroos (1984) observed that word-of-mouth (WOM) has a more substantial impact on potential customers than traditional marketing activities, and also highlighted the need for service quality research based on consumers' views. Later Parasuraman et al. (1985) modeled service quality as a gap between consumer and marketer sides at different levels, using WOM as a key contributor to the expected service. Then Parasuraman et al. (1988; 1991) developed and revised service quality measurement tool, SERVQUAL. This gap model and SERVQUAL as a base was used for internal service quality modeling (Frost and Kumar, 2000).

The measurement of service quality through gap model and SERVQUAL was criticized by: Cronin and Taylor (1992) and Teas (1993) and they proposed SERVPERF (a service quality tool for measuring perceptions only) and EP (Evaluated Performance) model respectively. This was again criticized by Parasuraman et al. (1994), and further counter-acted by Cronin and Taylor (1994) and Teas (1994).

Haywood-Farmer (1988), Philip and Hazlett (1997) developed attribute service quality models. Cronin and Taylor (1992) pointed out that service quality is an antecedent of consumer satisfaction, which has a significant on purchase intentions. This led to the development of model of perceived service quality and satisfaction (Spreng and Mackoy, 1996). Dabholkar et al.

(2000) further examined the relationship between two constructs and proposed antecedents and mediator model.

Cronin and Taylor (1992) pointed out that consumers don't always buy best quality service, they might instead purchase on the basis of their assessment of value of service. This highlighted the importance of "value" and thus acts as a motivating point for researchers to include/model value for improvement/understanding of service quality. Mattsson (1992); Sweeney et al. (1997) and Oh (1999) developed models incorporating the value construct.

### **2.1.3 Measuring Service Quality**

Without doubt, conceptual service quality models are useful in so much as they provide an overview of the factors which have the potential to influence the quality of an organization and its service offerings. They facilitate our understanding and can help organizations to clarify how quality shortfalls develop. However, human behavior significantly affects the quality of an organization and its offerings, and this is more evident in service organizations.

The most widely used models in measuring service quality in the banking sector are the SERVQUAL and SERVPERF model.

#### **Using SERVPERF to Measure Service Quality**

The SERVPERF model was carved out of SERVQUAL by Cronin and Taylor in 1992. SERVPERF directly measures the customer's perception of service performance and assumes that respondents automatically compare their perceptions of the service quality levels with their expectations of those services. 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). Instead of measuring the quality of service via the difference between the perception and expectation of customers as in SERVQUAL, SERVPERF operationalizes on the perceived performance and did not assess the gap scores as expectation does not exist in the model. Thus, it is performance-only measure of service quality.

The model adopts the five dimensions of SERVQUAL and the 22 item scale is used in measuring service quality. In the SERVPERF model, the results demonstrated that it had more Predictive power on the overall service quality judgment than SERVQUAL. (Cronin and Taylor 1994)

The SERVPERF scale is found to be superior not only as the efficient scale but also more efficient in reducing the number of items to be measured by 50% (Hartline and Ferrell, et.al 1996). Many studies have been conducted by adopting the SERVPERF model.

Also, Wall and Payne(1973) note that when people are asked to indicate the “desired level” (expectations) of a service and the “existing level”(perceptions) of the service, there is a psychological constraint that people always tend to rate the former higher than the latter (E>P).

Babakus and Boller (1992) have found that service quality, as measured in the SERVQUAL scale, relies more significantly on the perception score than on the expectation score. Due to the above mentioned facts the researcher also preferred to use SERVPERF model to undertake the study.

### ***2.1.4 Customer Satisfaction Model***

Companies try to maintain their loyalty with their customers by improving product and service quality. As a result in the last decade, many national indices have been developed in order to measure consumer satisfaction across a wide range of organizations. Thus, at the national level, the customer satisfaction index (CSI) is used to measure companies and organizations how they satisfy customers' needs. The CSI's model can be also used for comparing services and products within an industry.

Most countries have set their own customer satisfaction indices to measure customer satisfaction and the business performance of companies and organizations. The first truly national customer satisfaction index was the Swedish Customer Satisfaction Barometer, or SCSB, developed in 1989. The SCSB includes 31 major Swedish industries. The original Swedish Barometer used perceived value and a single measure of customer expectations (Fornell, 1992). In Germany, the Deutsche Kundenbarometer, or DK, was introduced in 1992 and as of 1994 also includes 31 industries.

#### ***2.1.4.1 American Customer Satisfaction Model***

The American Customer Satisfaction Index (ACSI) is the national indicator of customer evaluations of the quality of goods and services available to U.S. residents since 1994. It is the only uniform, cross- industry and government measure of customer satisfaction. It produces indices of satisfaction, its causes and effects, for seven economic sectors, 39 industries, 200 private sector companies, two types of local government services, and the U.S. Postal Service.

The Customer Satisfaction Index is a weighted average of three questions. The questions are answered on a 1-10 scale and converted to a 0-100 scale for reporting purposes. The three questions measure: Overall satisfaction, Satisfaction compared to expectations, and Satisfaction compared to an 'ideal' organization.

#### ***2.1.4.2 ACSI Methodology***

The ACSI model is a cause-and-effect model with indices for drivers of satisfaction. (Customer expectations, perceived quality, and perceived value),

Perceived Quality- is the first determinant of overall customer, which is the served market's evaluation of recent consumption experience, and is expected to have a direct and positive effect on overall customer satisfaction.

Perceived Value is the second determinant of overall customer, or the perceived level of product quality relative to the price paid. Perceived value is a measure of quality relative to price paid. Although price is often very important to the customer's first purchase, it usually has a somewhat smaller impact on satisfaction for repeat purchases.

Customer expectation - is the third determinant of overall satisfaction, which measures the customer's anticipation of the quality of a company's products or services.

Expectations- represent both prior consumption experience, which includes some no experiential information like advertising and word-of-mouth, and a forecast of the company's ability to deliver quality in the future.

#### ***2.1.4.3 ACSI Consequences***

Customer complaints are measured as percentage of respondents who indicate they have complained to a company directly about a product or service within a specified time frame. Hirschman in his exit-voice theory argues that the immediate consequences of increased customer satisfaction are decreased customer complaints and increased customer loyalty (Hirschman, 1970).

If customers are dissatisfied, then they may have the option of exiting (e.g., going to a competitor) or voicing their complaints in an attempt to receive retribution. On the other hand an increase in overall customer satisfaction should decrease the incidence of complaints. Increased overall customer satisfaction should also increase customer loyalty (Reichheld & Sasser, 1990). Thus, satisfaction has relationship with customer complaints, as the more satisfied the customers, the less likely they are to complain. Customer loyalty is a combination of the customer's professed likelihood to repurchase from the same supplier in the future, and the likelihood to purchase a company's products or services at various price points (price tolerance).

Customer loyalty is the critical component of the model as it stands as a proxy for profitability.

ACSI represents a new means of evaluating and enhancing performance for organizations and companies and economies. Thus, ACSI helps firms, industries, and nations seeking to maintain and strengthen their positions in the increasingly competitive economic environment of the twenty-first century.

Zeithaml (2009) suggested a customer satisfaction model. This model has five factors that drive customer satisfaction; they are service quality (SERVQUAL), product quality, and price, situational and personal factors (such as emotions and moods).

The concept of product quality is similar to other models presented above. Personal factors such as customer emotions affect satisfaction either in a positive or negative way advised businesses to view customer emotions as a major differentiation factor contributing to customer satisfaction, especially where customers are actively involved in the service delivery (Gremler et al., 2006).

### 2.1.5 The Hofstede Model/culture model

The Hofstede model of national culture (Hofstede, 2001) is an extremely valuable framework that helps distinguish one country from another based on five categories and they are: power distance, collectivism/individualism, masculinity/femininity, uncertainty avoidance, and long/short-term orientation. A total of seventy-six countries were studied and each culture was positioned on a scale based on the categories.

**Power distance-** The power distance dimension refers to the degree of acceptance of existing inequality among people with and without power. For example, in large power distance cultures, people tend to accept the fact that inequality exists and that each member in the society has his/her rightful position in the hierarchy. Countries in the Middle East such as Saudi Arabia and Kuwait fall in the category of large power distance culture (O'Regan&Alturkman, 2010). Conversely, countries such as Canada, the United States, Germany and many other Western nations are examples of small power distance cultures. People from these cultures are often less accepting of the status differences and expect equal opportunities and treatments.

**Collectivism/individualism-** Collectivism and individualism is another category in the Hofstede model. According to Kanousi (2005), individualism refers to cultures with loose ties between individuals of the society and everyone is expected to focus and look after oneself only and its immediate family. Collectivism, on the other hand, refers to cultures in which harmony amongst members of the society is important. The cohesive groups that are formed last throughout people's lifetime and the groups provide protection in exchange of loyalty. The United States is a great example of a culture that emphasizes on the importance of individualism, whereas, Japan, China, and Korea are used as examples of collectivist society.

**Masculinity/femininity** - According to Hofstede (2001), masculinity and femininity refer to the gender dominance pattern in both traditional and modern societies. In masculine societies, male dominance is prevalent and the society values male assertiveness. Females in high masculine society are expected to be nurturing and sex roles are definitely divided. On the contrary, in feminine societies, female nurturance is valued; however, male nurturance is accepted. Moreover, sex roles in society are believed to be fluid and the differences in roles does not necessarily equal differences in power. Quality of life and interdependence is peaceful.

**Uncertainty avoidance** - Uncertainty avoidance refers to how members of the society react to and tolerate uncertainties and ambiguities in day-to-day lives (Hofstede, 2001). According to the Uncertainty Avoidance Index (UAI), people from high uncertainty avoidance culture tend to

have higher anxiety and stress. Members in these societies need strong need for written rules and regulations. On the other hand, in the cultures with low uncertainty avoidance level, people tend to show fewer emotions and they are more willing to take risks (Hofstede, 1983).

**Long/short-term orientation** - Long-term and short-term orientation dimension is also known as the “Confucian dynamic” and the dimension originated from the study of cultural values (Kanousi, 2005). This particular dimension explains the differences between the Eastern and the Western culture. Some of the values that describe long-term oriented culture are having sense of shame and perseverance. Some of the values that describe short-term oriented culture are personal stability oriented and exchange of greetings (Hofstede & De Mooji, 2010).

## ***2.2 EMPIRICAL REVIEW***

### ***2.2.1 Service Quality and characteristics of services***

Parasuraman, Zeithaml, and Berry (1985) suggest that service quality is ‘performance based’ rather than objects, therefore “precise manufacturing specifications concerning uniform quality can rarely be set”. Bandyopadhyay (2003) claimed that quality in goods sectors is “commonly defined as the product’s fitness for its intended use, which means how well the product meets the needs and the expectations of its customer”. The conceptualization and measurement of service quality is one of the most debated topics in service marketing literature (Brady and Cronin, 2001). Several researchers pointed out that service quality is difficult to measure as it is an elusive and abstract construct (Parasuraman et al., 1988). In addition, Parasuraman et al. (1985) argue that service quality involves not only the outcome but also the delivery process. The authors described service quality as a form of attitude that results from the comparison of consumer expectations with service performance delivered. Furthermore, service quality relates to satisfaction but the two are not the same (Parasuraman et al., 1985).

Rust and Oliver (1994) suggest that it is necessary for firms to improve the understanding of customers’ perceptions of service quality. Bateson (1985) outlines four unique characteristics of a service to be intangibility, heterogeneity, inseparability and perishability. Johns (1999) argues that services are mostly described as “intangible” and their output viewed as an activity rather than a tangible object, but also admits that some service outputs have some substantial tangible components like physical facilities, equipment’s and personnel. A service design which consists of a service, service system and the service delivery process considers customers, staff, technology, the physical environment, and the consumption goods. The physical aspects are important for high quality service delivery (Gummesson, 1994).

Unlike a product where tangible cues exist to enable consumers to evaluate the quality of the product, the quality of the service is ascertained by parameters that largely come under the domain of “experience” and “credence” properties and are as such difficult to measure and evaluate (Zeithaml and Bitner, 2003).

### *2.2.2 Culture and its effect on service quality*

To understand culture, we turn to the work of Hofstede (Hofstede 1980, 1991, and 1994). Hofstede defines culture as “the collective programming of the mind which distinguishes the members of one human group from another” (Hofstede 1994), and he initially defined culture in terms of four dimensions: Individualism/Collectivism, Masculinity/Femininity, Power Distance and Uncertainty Avoidance (Hofstede & Bond, 1988), and later a fifth dimension of long-term orientation is added based on the Bond’s Chinese Value Survey (Hofstede 2001). Hofstede (1980, 1991) identified culture with nation and conducted his research in different countries and regions. Later, Donthu and Yoo (1998) argued that culture is not necessarily identified to nations, and they apply the concept of culture to individuals (Donthu&Yoo 1998).

There is evidence to suggest that the dimensions of culture have significant influence on consumer’s perception of service quality. Douthu and Yoo (1998) have conducted research to test the effect of culture on bank consumer’s expectations of service quality. Hofstede’s cultural dimensions and the five dimensions of SERVQUAL instrument have been applied in their study. Their study results shows that customers who are short-term oriented, individualistic, low on power distance and high on uncertainty avoidance have higher service quality expectations, and low power distance consumers have higher expectations of reliability and responsiveness while individualistic customers have higher expectations of empathy and assurance.

Mattila (1999) has examined cultural differences between Western and Asian customers in terms of individualism, power distance and high versus low-context communication in personalized service and pleasant physical environment in luxury hotels. In her study she found out that Western customers rely on the tangible cues of physical environment and value the dimensions of service that are related with pleasure, more than those of Asian background (Mattila 1999).

Furrer et al. (2000) extended Douthu and Yoo’s (1998) research and investigate the relationships between Hofstede’s cultural dimensions and SERVQUAL dimensions in banking service. They argue that the importance of SERVQUAL dimensions varies across people from different cultural backgrounds, and produce correlations between all pairs of dimensions of culture (Hofstede 1980, 1991) and of service quality substantiating positive or negative relationships (Parasuraman et al. 1988). Their study focuses on weak and frequent customers served often by female employees. Their results shows that power distance, individualism, uncertain avoidance and long-term orientation has positive or negative relationships with the SERVQUAL dimensions, and masculinity had no significant effect on service quality.

Tsoukatos and Rand (2007) conduct a similar study as Furrer et al (2000) in the retail insurance in Greece. They focus on infrequent and weak customers served by female employees. Their study investigates the relationships between Hofstede’s culture dimensions and four dimensions of the SERVQUAL, excluding tangible in the SERVQUAL instrument. In their study they find

that power distance, masculinity and uncertainty avoidance are inversely related to reliability, responsiveness and assurance, and long term orientation is only significantly related to reliability.

Kueh and Voon (Kueh&Voon 2007) examined the influence of individual level cultural dimensions on Generation Y consumers' expectation of service quality in Malaysia. They argue that service quality expectations are positively related to uncertainty avoidance and long-term orientation but negatively related to power distance and no significant relationships with masculinity and collectivism.

EvangelosTsoukatos, (2007) examined the effect of culture on service quality and customer satisfaction. By extending GIQUAL, an instrument developed for measuring service quality in Greek Insurance, to measure the culture of individuals, hypotheses on all 25 possible relationships between the dimensions of culture and of service quality are determined and tested. The relationships between the dimensions of service quality and customer satisfaction, in the light of culture, are further examined. Of the 25 hypothesized relationships between the dimensions of culture and of service quality, 23 are confirmed and the remaining two are directionally supported. The hypothesized importance of the service quality dimensions is also confirmed. However, the expected association between the importance of quality dimensions and the strength of their relationships with customer satisfaction is only directionally supported. Although the typology of Hofstede is used in the study, a culture different from the one specified for Greece by Hofstede's scores is exposed.

Overall, these studies provide evidence that culture has an impact on service quality. This study will investigate the relationships between all dimensions of service quality and its impacts on foreign customer's satisfaction in banking industry.

### ***2.2.3. Service Quality Dimensions and customer satisfaction***

As service quality improves, the probability of customer satisfaction increases. Quality was only one of many dimensions on which satisfaction was based; satisfaction was also one potential influence on future quality perceptions (Clemes, 2008).

Kotler and Armstrong (2012) preach that satisfaction is the pos-purchase evaluation of products or services taking into consideration the expectations. Researchers are divided over the antecedents of service quality and satisfaction. Whilst some believe service quality leads to satisfaction, others think otherwise. The studies of many researchers suggest service quality leads to customer satisfaction. To achieve a high level of customer satisfaction, they suggest that a high level of service quality should be delivered by the service provider as service quality is normally considered an antecedent of customer satisfaction.

- Oppewal and Vriens (2000) empirically investigated the relationship between service quality and customer satisfaction by using the original SERVQUAL instrument with 10 dimensions as devised by Parasuraman *et al.* (1985). This study gave a direction to relate service quality and customer satisfaction.

### ***1. Tangibility(physical facilities, equipment's, and staff appearance)***

This service quality dimension comprises of bank ambience, service equipment, human resources (staff) and the means of communication. In simple words tangibles are about creating foremost impressions. All organizations desire that their consumers get an exceptional and positive foremost impression. Focusing on this particular dimension will help them to gain maximum benefit (Swar&Sahoo, 2012).

Association between service quality and customer satisfaction in banking sector of Sweden is examined by Zineldin (2005). He found that by combining tangible and intangible attributes of premium quality in products and services provided by banks, they may create a strong and long-term relationship with their customers.

- Ladhari et al., (2011) concisely explain the idea of tangibles role in banking sector. Service quality is key tool to achieve customer's attention. Varying behaviours and attitudes of customers demand high service quality to attain their perception of service. Service quality has linear relationship with success and profitability of business.
- FigenYe\_ilada et al (2010) the aim of their study is threefold: to test the dimensionality of the SERVQUAL instrument in the Northern Cyprus health care industry, to assess the service quality provided in public and private hospitals in Northern Cyprus and to identify the service quality dimensions that play important role in patient satisfaction. Data were collected in two phases from the same sample, which consisted of 806 systematically selected people above the age of eighteen. Factor analysis revealed a three factor solution, namely; reliability-confidence, empathy and tangibles. This result does not support the five factor model of the original SERVQUAL. Gap analysis showed that private hospitals have smaller gaps than public hospitals in all three service quality dimensions. Finally, logistic regression findings indicated that while all three dimensions are somewhat influential on patient satisfaction, in public hospitals tangible dimension seems to exert no significant influence on satisfaction.

*H1o. There is no a positive and significance impact of tangibility on foreign customer satisfaction.*

*H1a. There is a positive and significance impact of tangibility on foreign customer satisfaction.*

### ***2. Reliability(ability to perform the promised service dependably and accurately)***

- Vibha Arora, et al (2011) investigated the various dimensions of service quality and how these dimensions determine customer satisfaction in Indian banking sector. Using Service performance (SERVPERF) model, the survey was undertaken in Delhi and National capital region of the sample of 318 respondents to test dimensionality of SERVPERF by using constructs validity and reliability test. SERVPERF model proved to be four dimensional in the context of Indian banking sector. Further multivariate regression analysis was used to see the impact of service quality dimensions on customer satisfaction. Reliability and service interaction were found to be significant variables to customer satisfaction in India.
- Lo Liang Kheng (2010) The emergence of new forms of banking channels such as Internet banking, Automated Teller Machines (ATM), phone banking and also maturing financial market and global competition have forced bankers to explore the importance of customer loyalty. Therefore, studies need to focus on the changing role of the banking system and its dynamic financial market. The underlying model of SERVQUAL (Parasuraman et al., 1988) with five dimensions was used by this research to evaluate the impact of service quality on customer loyalty among bank customers in Penang, Malaysia with customer satisfaction mediating these variables. The findings show that improvement in service quality can enhance customer loyalty. The service quality dimensions that play a significant role in this equation are reliability, empathy, and assurance. The findings indicate that the overall respondents evaluate the bank positively, but still there are rooms for improvements.
- HuseyinArasli, et al (2005) measured the service quality perceptions of Greek Cypriot bank customers and to examine the relationship between service quality, customer satisfaction and positive word of mouth, in the light of changing bank market dynamics due to EU accession. A total of 260 retail bank customers responded with a Greek translated version of SERVQUAL. After descriptive and factor analysis, multivariate regression analysis was used to estimate the impact of service quality dimensions on overall customer satisfaction and the impact of satisfaction on positive word of mouth. The SERVQUAL scale proved to be of a three-dimensional structure in this study. Results revealed that the expectations of bank customers were not met where the largest gap was obtained in the responsiveness-empathy dimension. Reliability items had the highest effect on customer satisfaction, which in turn had a statistically significant impact on the positive word of mouth.

*H2o. There is no a positive and significant impact of reliability on foreign customer satisfaction.*

*H2a. There is a positive and significance impact of reliability on foreign customer satisfaction.*

### **3. Responsiveness(willingness to help customers and provide prompt service)**

- Fitzsimmons and Fitzsimmons (2001) argue that when the customer is kept waiting for no apparent reason creates unnecessary negative perceptions of quality. Conversely, the ability for the bank to recover quickly when service fails and exhibit professionalism will also create

very positive perceptions of quality. The readiness to provide timely service by the service provider includes paying attention to the customer, and dealing with the customer's complaints and problems in a timely manner. Responsiveness is being flexible with the customer and trying to accommodate the customer's demands and performing the service without delay. This leads to customer satisfaction.

- Azman Ismail, et al. (2009) explored the relationships among service quality features (responsiveness, assurance, and empathy), perceived value and customer satisfaction in the context of Malaysia. The empirical data are drawn from 102 members of an academic staff of a Malaysian public institution of higher learning using a survey questionnaire. The results indicate three important findings: firstly, the interaction between perceived value and responsiveness was not significantly correlated with customer satisfaction. Secondly, the interaction between perceived value and assurance also did not correlate significantly with customer satisfaction. Thirdly, the interaction between perceived value and empathy correlated significantly with customer satisfaction. Thus the results demonstrate that perceived value had increased the effect of empathy on customer satisfaction, but it had not increased the effect of responsiveness and assurance of customer satisfaction. In sum, this study confirms that perceived value acts as a partial moderating variable in the service quality models of the organizational sample.

*H3o. There is no a positive and significant impact of responsiveness on foreign customer satisfaction.*

*H3a. There is a positive and significant impact of responsiveness on foreign customer satisfaction.*

#### ***4. Assurance (knowledge and courtesy of employees and their ability to inspire trust and confidence)***

In addition to tangibles, reliability and responsiveness; assurance has been identified as significant dimension of service quality by Parasuraman et al. (1988). They propose that all of these dimensions significantly enhance customer satisfaction. It is believed that if the employees of financial institutions display trustworthy behavior, the satisfaction level of customers can be enhanced significantly.

- Asma Abdul Rehman (1999) investigated the relationship between customer satisfaction and six dimensions of service quality (CARTER model) in Islamic banks of Pakistan, the UK and UAE. This study uses a sample of 225 customers of Islamic banks; 75 responses have been taken from each country. A structured questionnaire technique has been used to collect data. Findings reveal that Pakistani and UK Islamic banking customers consider assurance, reliability and empathy as significant factors for customer satisfaction, whereas UAE customers consider assurance and tangible as significant dimensions of satisfaction.

*H4o. There is no a positive and significance impact of assurance on foreign customer satisfaction.*

*H4a. There is a positive and significance impact of assurance on foreign customer satisfaction.*

#### **5. Empathy (caring, individual attention the firm provides its customers)**

- Dr. V.K. Shobhana, et al. (2012) proposed five dimensions of service quality such as Tangibles, Reliability, Responsiveness, Assurance and Empathy. The study is based on this SERVQUAL scale, covering 200 customers of the select commercial banks located in Erode District of Tamil Nadu, India. Factor Analysis has been employed to analyze the data. The findings of the study indicated higher gaps for the service quality dimension “Empathy”. Further, customer expectation and perception scores do not support the five factor SERVQUAL proposed by Parasuraman, Zeithaml and Berry (1985).
- Ishak Ismail, et al. (2006) explored the relationship between audit service quality, client satisfaction and loyalty to the audit firms. SERVQUAL model was used to measure the perceptions and expectations of public listed companies with the services received from audit firms. The five dimensions of SERVQUAL, i.e. reliability, assurance, tangibility, empathy and responsiveness was used to measure the service quality of audit firms. The research was conducted using primary data. Questionnaires were sent to 500 public listed companies listed in Bursa Saham Malaysia for the year 2005. The public listed companies were satisfied with the tangible dimension but were dissatisfied with the other four dimensions. The most dissatisfied dimension was empathy. Customer satisfaction was found to partially mediate the relationship of reliability and customer loyalty.
- Wieseke et al. (2012) empirically investigated the role of empathy in service quality and its impact on customer satisfaction. It was established that customers treated emphatically are more often visitors and prone forgive any mistakes that may occur. Empathy creates an emotional relationship with customer, providing customer a touch of importance for business. This leads to retention and creation of new customer’s pool. Karatepe (2011) explored the service environment impact with empathy and reliability on loyalty. Empathy works as a moderator 16 between quality and customer satisfaction. Empathy can change the behavior of customer ultimately.

*H5o. There is no a positive and significance impact of empathy on foreign customer satisfaction.*

*H5a. There is a positive and significance impact of empathy on foreign customer satisfaction.*

#### **2.2.4. Service quality and customer satisfaction**

- Festus Olorunniwo, et al. (2006) investigated the possibility that the typology of a service as well as the operationalization of the service measurement scale may determine the nature of the service quality construct and its relationship with those of customer satisfaction and behavioral intentions. The study utilized the service classification scheme developed by Schmenner and concentrated on the mass service category as an example to illustrate the

concept with data from retail banking. Confirmatory factor analysis indicated that - Responsiveness, Tangibility, Reliability, Knowledge, and Accessibility dimensions contribute significantly to service quality. It was further observed that satisfaction fully mediates the impact of service quality on behavioral intentions.

- Gloria K.Q Agyapong, (2011) examined the relationship between service quality and customer satisfaction in the utility industry (telecom) in Ghana. The study adapted the SERVQUAL model as the main framework for analyzing service quality. Multiple regression analysis was used to examine the relationships between service quality variables and customer satisfaction. The results showed that all the service quality items were good predictors of customer satisfaction.
- Amber AbraheemShlash Mohammad, et al. (2001)examine the level of service quality as perceived by customers of commercial bank working in Jordan and it's affect customer satisfaction, Service quality measure is based on a modified version of SERVQUAL as proposed by Parasuraman et al. (1988), which involve five dimensions of Service quality, namely Reliability, Responsiveness, Empathy, Assurance, and Tangibles. Customer satisfaction was measured by a nine item adapted from Walfried et al. (2000), 260 questionnaires were distributed randomly to customers of commercial bank branches located (thirteen commercial banks in Jordan ) in IRBID (A City of Jordan ). Multiple regression analysis was employed to test the impact of service quality on customer satisfaction. The results of this study indicated that service quality is an important antecedent of customer satisfaction. It is apparent from the present study that managers and decision makers in Jordanian commercial banks to seek and improve the elements of service quality that make the most significant contributions on customer satisfaction.
- HummayounNaeem, et al. (2009) investigated the impact of service quality on customer satisfaction in the Pakistani banking sector. Hypothesis developed for the study was —higher level of service quality leads to higher level of customer satisfaction. A sample of two hundred respondents, (one hundred from a foreign bank and one hundred from a public sector / nationalized bank located in the twin cities of Rawalpindi and Islamabad) was drawn on the basis of simple random sampling. Various constructs of the SERVQUAL model developed by Zeithaml and Bitner (1996) and five point customer satisfaction tool developed by Taylor and Baker (1994) were adopted and used for data collection. Data were analyzed through SPSS version 14. The results of the regression analysis indicated that service quality was proved to be a strong predictor of customer satisfaction in the case of the foreign bank with the R<sup>2</sup> value of 0.644 accepting the research hypothesis and rejecting the null hypothesis as compared value R<sup>2</sup> of 0.156 that does not support the research hypothesis in the case of a public sector bank. The study concluded that service quality, if managed effectively, can contribute significantly towards customer satisfaction.

*H6o. There is no a positive and significant relationship between SERVQUAL and foreign customers' satisfaction.*

*H6a. There is a positive and significant relationship between SERVQUAL and foreign customers' satisfaction.*

### 2.3 Conceptual Framework

A review of the various studies on service quality and customer satisfaction towards service industries revealed that the empirical research on service quality and customer satisfaction. The present study - the assessment of service quality and its impact on foreign customers satisfaction in CBE attempts to fill the research gap of cultural difference of customers. The results of the study are expected to provide a practical contribution in the area of banking services and the expectation and perception of the customers in the financial services industry in the global competitive scenario.

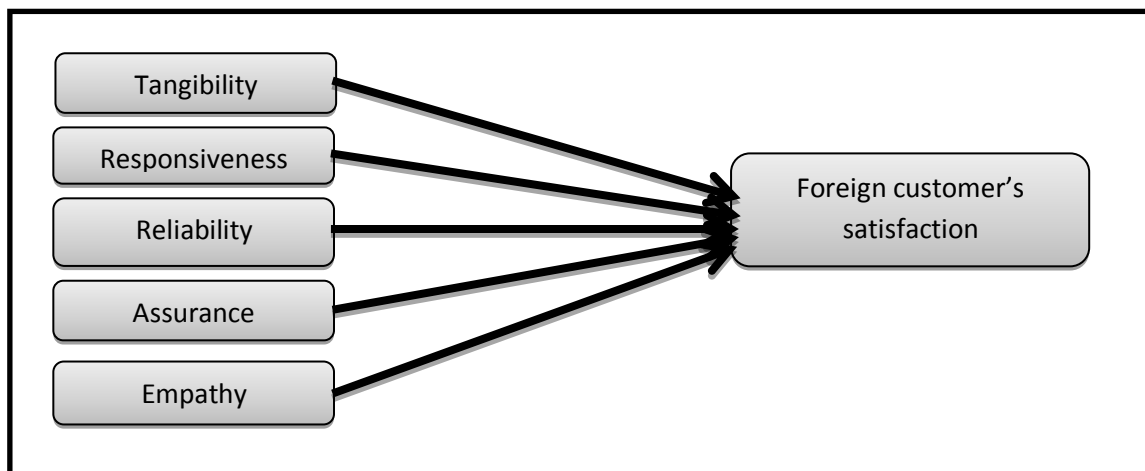


Figure2. 14 conceptual framework

**Source: Parasuraman et al., 1988**

#### Research hypothesis

Hypothesis must be formulated in order to evaluate the level of satisfaction of the service provided by CBE using SERVQUAL quality dimensions. It is noteworthy that these dimensions are interrelated and affect significantly on foreign customers satisfaction.

*H1o. There is no a positive and significant impact of tangibility on foreign customer satisfaction.*

*H1a. There is a positive and significant impact of tangibility on foreign customer satisfaction.*

*H2o. There is no a positive and significant impact of responsiveness on foreign customer satisfaction.*

*H2a. There is a positive and significant impact of responsiveness on foreign customer satisfaction.*

- H3o. There is no a positive and significant impact of reliability on foreign customer satisfaction.*
- H3a. There is a positive and significant impact of reliability on foreign customer satisfaction.*
- H4o. There is no a positive and significant impact of empathy on foreign customer satisfaction.*
- H4a. There is a positive and significant impact of empathy on foreign customer satisfaction.*
- H5o. There is no a positive and significant impact of assurance on foreign customer satisfaction.*
- H5a. There is a positive and significant impact of assurance on foreign customer satisfaction.*
- H6o. There is no a positive and significant relationship between SERVQUAL dimensions and foreign customers' satisfaction.*
- H6a. There is a positive and significant relationship between SERVQUAL dimensions and foreign customers' satisfaction.*

## CHAPTER THREE RESEARCH METHODOLOGY

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### 3.1 Introduction

This section discuss about the study area of sample, data collection procedures, operational measures of variables, the statistical tests methods and related points of the methodology of this research topic.

### 3.2 Research Approach

Jill and Roger (2003) in their book on business research state that, according to the purpose of the research, there are four different types of research methods which are exploratory research, descriptive research, explanatory research, and the predictive research.

Exploratory research is conducted into a research problem or issue when there are very few or no earlier studies to which the researcher can refer for information about the issue or problem. The aim of this type of study is to look for patterns, ideas or hypotheses, rather than testing or confirming a hypothesis. In exploratory research the focus is on gaining insights and familiarity with the subject area for more strict investigation at a later stage.

Descriptive research is research which describes exist phenomena. It is used to identify and obtain information on the characteristics of a particular problem or issue. The data collected is often quantitative and statistical techniques are usually used to summarize the information.

Explanatory research is a continuation of descriptive research. It aims to understand phenomena by discovering and measuring causal relations among them. An important element of explanatory research is identifying and, possibly, controlling the variables in the research activities, since this permits the critical variables or the causal links between the characteristics to be better explained.

Predictive research goes even further than explanatory research. It forecasts the possibility of a similar situation occurring elsewhere. Predictive research aims to generalize from the analysis by predicting certain phenomena on the basis of hypothesized, general relationships.

An explanatory study design was used to conduct this research. Explanatory research aims to understand phenomena by discovering and measuring causal relations among them. An important element of explanatory research is identifying and, possibly, controlling the variables in the research activities, since this permit the critical variables or the causal links between the characteristics to be better explained (Jill & Roger, 2003). Explanatory research design also helps to explaining, understand and control the relationship between variables.

OlleStromgren (2007) in the other way presents two approaches which are called inductive and deductive methods. Inductive approach is initialized by specific observations in a data material from which generalizations are made without conducting literature reviews. Thus, it is creating new theory from observation, pattern identification and hypothesis. A deductive approach is the opposite, initiating by reviewing and gathering theory from which conclusions are made. These mentioned methods of reasoning are different, while an inductive reasoning, by its very nature, is more open-ended and exploratory; a deductive reasoning is narrow and is concerned with testing or confirming hypotheses. Accordingly, the researcher followed deductive research strategy.

### **3.3 Research Design**

The above types of research approaches involve with two basic research methods, which are qualitative research method and quantitative research method. Researchers can use one of them or both of them to do the research.

Qualitative research is especially important in the behavioral sciences where the aim is to discover the underlying motives of human behavior (Kumar, 2008). It also uses strategies of inquiry such as narratives, phenomenology's, ethnographies, grounded theory studies, or case studies.

Quantitative research is based on the measurement of quantity or amount. It is often aimed at testing a research hypothesis through the analysis of numerical data. It employs strategies of inquiry such as experiments and surveys, and collects data on predetermined instruments that yield statistical data (Creswell 2003, 18).

For this study, the researcher used quantitative research method to analyze the data collected from respondents. The choice of quantitative methodology can also be justified based on the fact that it is concise, it describes and examines relationships, and determines causality among variables, where possible, sample is usually representative of a large population, reliability and validity of the instruments are crucial, and also provides an accurate account of characteristics of particular individuals, situations, or groups.

### **3.4 Variable Measurements**

#### **3.4.1 Independent Variables**

Service quality - This measure is based on modified version of SERVPERF as proposed by Parasuraman et al. (1988). Which involves five dimensions consists of 22 items, namely Reliability, Responsiveness, Empathy, Assurance, and Tangibles. Sample items include "The bank has modern equipment" (Tangibles), "Bank employees are dependable in handling customer's service problems" (Reliability), "Bank employees giving customers individual attention" (Empathy), "Bank employees instill confidence in customers" (Assurance), and "Bank

employees provide prompt service to customers” (Responsiveness). Responses to these items will make on a five-point Likert format ranged from 1 – strongly disagree to 5 – strongly agree.

### 3.4.2 Dependent Variable

Customer satisfaction- In order to measure the overall satisfaction of customers with products and services of CBE, the ACSI questionnaire will be used. The ACSI score rated on a different 1-5 scale: A sample item includes: What is your overall satisfaction with CBE service delivery? The questions of customer satisfaction followed a five-point Likert format with anchors of very dissatisfied (1) and extremely satisfied (5) and an option for not applicable. The item indicates that high scores reflected stronger satisfaction with service.

## 3.5 Population and Sampling procedure

### 3.5.1 Population

All individuals of interest to the researcher are called population (Alan and Kaufman, 2005). The target population for this study is foreign customers of CBE in the selected four branches of CBE (African Union, IBD and ECA). These customers are not only differs by their culture from local customers, they differ also by the product they used from CBE which is FCY (foreign currency accounts) USD, EURO or GBP accounts.

### 3.5.2 Sample Size and Sampling Procedure

In conducting a study, it is not possible, practical and sometimes expensive to gather data by considering entire population. Therefore smaller chunks of a unit sample are chosen to represent the relevant attributes of the whole of the units (Graziano and Raulin, 1997). The eventual sample size is usually a compromise between what is desirable and what is feasible. The sample size of this study is determined by using the formula developed by Taro Yamane (1967).

$$n = \frac{N}{1 + Ne^2}$$

Where, n is the sample size

N is the population size,

E is the level of precision or sampling error = (0.05).

$$\begin{aligned} \text{Then, } n &= \frac{4016}{1 + 4016(0.05)^2} \\ &= 363 \end{aligned}$$

Therefore, the sample size taken from the population of 4016 is 363.

Table 3.1 Number of respondents from selected branches

Selected Branches	Number of FCY acct holders in selected Branch	Number of Selected respondents from each branches	Respondents in percentage
Africa Union	1387	126	34.7%
ECA	1022	93	25.6%
IBD	1607	144	39.7
Total number of customers	4016	363	100%

### 3.6 Sampling techniques

Sampling techniques can be divided into two major categories: probability sampling and non-probability sampling (Parasuraman *et al.*, 2007) Moreover, a researcher conducting a sampling study has a variety of probability and non-probability sampling methods to choose from. Each one of these methods is discussed below.

#### ➤ Probability sampling

Probability sampling is an objective procedure in which the probability of selection of each population element is known (Parasuraman *et al.*, 2007). Burns and Bush (2006), note that probability sampling methods make use of a random process to select the sample in order to provide each population element with a known chance of being included in the sample. Malhotra (2007) is therefore of the opinion that with probability sampling it is possible to determine the precision of the sample estimates of the characteristics of interest. However, Aaker *et al.* (2007) highlight that in most probability sampling methods, a sampling frame is required and information on the sampling units is necessary before starting the sampling process. Probability sampling methods include simple random sampling, systematic sampling, stratified sampling and cluster sampling.

#### i. Simple random sampling

Simple random sampling is the most basic type of probability sampling (Parasuraman *et al.*, 2007). Malhotra and Peterson (2006), in simple random sampling each element of the population has a known and equal probability of being selected for the sample. Simple random sampling commences by assigning each element of the sampling frame a number, and then a series of random numbers is generated – the sample becomes the elements whose numbers appear on the list.

## ii. Systematic sampling

Systematic random sampling is similar to simple random sampling, but requires that the target population must be ordered in some way. In systematic sampling, a starting point is selected at random and then elements of the sampling frame are taken at equal predetermined intervals (Bradley, 2007). The sampling interval,  $i$ , is determined by dividing the population size  $N$  by the sample size  $n$  and rounding to the nearest integer (Malhotra, 2010).

## iii. Stratified sampling

Stratified sampling first requires dividing the heterogeneous population into homogeneous strata that are mutually exclusive and comprehensive, and thereafter a sample of elements is drawn independently from each stratum. Malhotra (2010), cautions that the elements within a stratum should be as homogeneous as possible with the elements of each stratum as heterogeneous as possible. This author adds that the stratification variables should be closely related to the characteristic of interest. Parasuraman *et al.* (2007), note that this sampling technique compels the sample to contain elements of each of the strata of the population.

## iv. Cluster sampling

In cluster sampling, a two-step probability technique is used: the target population is first divided into mutually exclusive and collectively exhaustive subpopulations or 'clusters', after which a random sample of clusters is selected (Bradley, 2007). Each cluster is assumed to be representative of the heterogeneity of the target population. Once the cluster has been identified, the prospective sampling units are drawn into the sample – either by using a simple random sampling method, or by investigating all the elements in the identified cluster (Hair *et al.*, 2000).

## ➤ Non-probability sampling

In non-probability sampling, the probability of selection of each sampling element is not known; accordingly, the selection of sampling elements is based on some type of intuitive judgement or knowledge (Hair *et al.*, 2000). Non-probability sampling consequently relies to a large degree on the discretion of the researcher. Non-probability sampling methods eliminate the cost and trouble of developing a sampling frame and this ensures operational ease. Many authors postulate that a non-probability sampling method, even though it is biased and lacks the precise estimates of sampling variation, can be appropriate when used in the correct context. Non-probability sampling methods which are available to researchers include judgmental sampling, quota sampling, snowball sampling and convenience sampling.

### i. Judgmental sampling

Hair *et al.* (2000) explain that in judgmental sampling, respondents are selected according to an experienced individual's belief that they will meet the requirements of the research study. As a result, the researcher believes that the sample selected is representative of the target population or has the greatest knowledge and experience of the research subject. According to Proctor (2005), judgmental sampling is more frequently used in industrial market research than in consumer research.

#### **ii. Snowball sampling**

Snowball sampling is a sampling method in which a set of respondents is chosen, who in turn helps the researcher identify additional people to be included in the study. This process is continued, resulting in a snowball effect as one referral is obtained from another (Malhotra & Peterson, 2006). According to Malhotra (2010), the snowball sampling method is generally used when studying characteristics that are relatively rare or when it is difficult to identify the population.

#### **iii. Quota sampling**

The quota sampling method entails the selection of prospective respondents according to prior specified quotas regarding demographic characteristics, specific attitudes or specific behaviors (Hair *et al.*, 2000). According to Parasuraman *et al.*, (2007), quota sampling requires the following: dividing the population into segments based on control characteristics, determining the quota of units for each population cell, and instructing the interviewers to fill the quotas assigned to cells.

#### **iv. Convenience sampling**

In convenience sampling, the sample is drawn from a section of the population that is readily accessible or available to the researcher (Wiid & Diggines, 2009). The sample is accordingly drawn at the convenience of the researcher, often as the study is conducted. According to Malhotra (2007), this method allows for obtaining a sample in a quick and inexpensive manner. Many authors further state that with convenience sampling, the sampling elements are easy to measure and are also cooperative.

For the purpose of this study, a stratified probability sampling method was used to draw the sample from the target population and then a convenience non-probability sampling method was used to distribute the questionnaire. This method is chosen due to the absence of a formal sampling frame and drives its control from the judgement of the investigator. And convenience method is preferred since it is opportunistic and unsystematic sampling method. It requires no pre planning for the selection of each sample.

### 3.7 Source of Data and Collection Methods

#### ➤ Primary data

Primary data refer to firsthand, raw data and structures which have yet to receive any type of meaningful interpretation and have been specifically collected and assembled for a current information research problem (Hair *et al.*, 2000). Primary data are collected with the specific purpose of addressing the research problem and are collected should the value of secondary research present inadequate information in order to achieve the research objectives at hand.

#### ➤ Secondary data

Secondary data refers to data that have been collected for purposes other than the problem at hand (Bradley, 2006). Data have consequently been collected from other sources and are readily available from those sources (Parasuraman *et al.*, 2007:34). Secondary data may be a cost-effective and efficient way of obtaining information for marketing research, since it is possible that a similar problem has been investigated in the past. According to Malhotra (2010), secondary data is useful in identifying the problem, developing an approach to the problem, answering research questions and interpreting primary data more insightfully.

For the purpose of this study, both primary and secondary data was used to obtain the necessary information about the research. The primary data was collected from the selected respondents of the bank under study through questionnaire. And the analysis was substantially based on primary data. The secondary data which was collected from existing literature formed the literature review of this study. The sources of the secondary data were collected from similar research papers, journals, articles and others obtained from the internet. The researcher distributed the structured SERVPERF model questionnaires to respondents who will available /found it convenient to answer the questionnaires. Before circulation, the questionnaire have been pilot test among 10 respondents to identify the problems and then to eliminate them.

### 3.8 Analysis of Data

Data analysis can help the researcher to summarize the conclusion of the study. The data has been analyzed by using 'Statistical Package for Social Science (SPSS Window) version 20.0. Additionally, the Cronbach's Alpha Coefficient was used to compute to investigate the consistency and reliability of the instrument. On the other hand, the researcher has carried out the frequency analysis for the respondent's demographic factors such as sex, age, income and level of education. Subsequently, Pearson Correlation Analysis was used to examine the relationship between independent variables (service quality) and dependent variable (foreign customers'

satisfaction). Multiple Linear Regression analysis has been done to determine the significant service quality dimensions influencing customer satisfaction.

### 3.8.1 Validity

Validity is used in research to refer the degree to which the outcome of a study accurately reflects the variable which is being measured or which the researcher is attempting to measure. According to Eriksson and Wiedersheim-Paul (1997) validity is defined as: “The ability of a scale or measuring instrument to measure what is intended to be measured”. Validity is therefore concerned with the success rate at which the study measure what the research sets out to measure. There are various types of validity use in research studies but for the purpose of this study the face validity was used. This is because the study was proven through pre-testing, rewording and reevaluation of the instrument used. Moreover, the research instrument of this study is developed by Parasuraman et. al, (1988). It is a famous, known and valid service quality measuring instrument for different sectors.

### 3.8.2 Reliability test (Cronbach’s Alpha)

The reliability analysis is used to establish both the consistency and stability of the research instrument. Consistency shows how well the research instrument measures the model and the conceptual framework. Cronbach’s alpha is a coefficient that indicates how well the items in a set are positively correlated to one another. A test is considered reliable if the same results are gotten repeatedly. The closer the Cronbach’s alpha is to 1, the higher the internal consistency reliability of the research instrument.

**Table 3.2 Reliability Statistics**

Factors	Cronbach’s Alpha	Number of items
Tangibility	0.804	4
Reliability	0.826	5
Responsiveness	0.848	4
Assurance	0.876	4
Empathy	0.824	5

To meet the consistency reliability of instrument, the questionnaire was first distributed to 30 respondents and the Cornbach’s alpha for the independent variables (Tangibility, Reliability, Responsiveness, Empathy and Assurance) was found to be 0.800. Therefore the five dimensions of service quality were found to be high in their internal consistency and thereby in measuring the dimensions of interest.

## CHAPTER FOUR ANALYSIS AND INTERPRETATION

### 4.1 Introduction

This chapter describes the analysis and interpretation of the collected data. 363 questionnaires were distributed to selected foreign customers of Commercial Bank of Ethiopia. Out of these, 325 (89.53%) have been collected. However, from the collected questionnaires, 17 or (4.6%) questionnaires have been rejected as they were not filled properly and 308 (84.85%) questionnaires have been utilized for the study. The data has been analyzed using Statistical Package for Social Science (SPSS) version 20.

### 4.2 Respondents' Profile

**Table 4.2.1 Gender profile of respondents**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	189	61.4	61.4	61.4
	Female	119	38.6	38.6	100.0
	Total	308	100.0	100.0	

Source: own survey, 2017

As shown from the above table, 189 or 61.4% of the respondents are male and 119 or 38.6% of respondents are female. What it implies that majority of the CBE foreign customers are male.

**Table 4.2.2 Age profile of respondents**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	From 18-30 years	34	11.0	11.0	11.0
	From 30-40 years	72	23.4	23.4	34.4
	From 40-50 years	115	37.3	37.3	71.8
	From 50-60 years	71	23.1	23.1	94.8
	above 60 years	16	5.2	5.2	100.0
	Total	308	100.0	100.0	

Source: own survey, 2017

As depicted from the above table, the majority of the respondents were from 41-50 years old, which are 115 or 37.3% of the respondents. 16 or 5.25% of the respondents were at the age of above 60 years old. The rest, from 30-40 years were 72 or 23.4% of respondents, and from 50-60 years there are 71 or 23.1% of the respondents. From here it's possible to conclude that, the majority of foreign customers of CBE are the age of between 30-60 years which are 258 or 83.8% of the respondents. This implies CBE foreign customers are well matured so if the bank apply any improvement, customers are not very sensitive to accept or reject, rather they will take time and decide on it.

**Table 4.2.3 Educational status of the respondents**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Diploma or Below	9	2.9	2.9	2.9
	First Degree	37	12.0	12.0	14.9
	MA Degree	225	73.1	73.1	88.0
	PHD and Above	37	12.0	12.0	100.0
	Total	308	100.0	100.0	

Source: own survey, 2017

Regarding to educational qualification, from the table above shown, 9 or 2.9% of the respondents have Diploma or below it. First degree holder respondents are 37 or 12%. The majority of the respondents are MA holders, which are 225 or 73.1%, and the rest 37 or 12% of respondents are PHD and above holders. This implies that, most of foreign customers of CBE are well qualified/educated. So if the Bank applies any change (technological/systematical) foreign customers can understand and catch up very easily.

**Table 4.2.4 Monthly incomes of respondents**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 1000 USD	6	1.9	1.9	1.9
	\$1000-\$3000	46	14.9	14.9	16.9
	\$3001-5000	74	24.0	24.0	40.9
	above 5,000	182	59.1	59.1	100.0
	Total	308	100.0	100.0	

Source: own survey, 2017

Table 4.2.4 shows the monthly income of the respondents in USD. The majority of the respondents' monthly income was above 5,000 USD, which are 182 or 59.1%. Only 6 or 1.9% of

the respondents' monthly income was less than 1,000 USD. 46 or 14.9% of the respondents' monthly income was \$1,000-\$3000 and the rest 74 or 24% of the respondents' monthly income was \$3,000-\$4,000. This implies that most of foreign customers of CBE are high paid customers. And this may lead to guess, after consumption they will have some amount of deposit or saving in the bank.

**Table 4.2.5 Nationality of respondents in continent**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid African	275	89.3	89.3	89.3
American	13	4.2	4.2	93.5
Asian	9	2.9	2.9	96.4
European	10	3.2	3.2	99.7
others	1	.3	.3	100.0
Total	308	100.0	100.0	

Source: Field work, 2017

Regarding to Nationality/ citizens of the respondents in the continent level, the majority the respondents i.e. 275 or 89.3% were from Africa. And the rest 13 or 4.2% were American, 9 or 2.9% of the respondents' from Asia and 10 or 3.2% from Europe. This implies that, most of foreign customers of CBE are from Africa.

### 4.3 Quality Measurement

To measure the customers' perception of the service quality provided by CBE, SERVPERF model is used in this study. SERVPERF directly measures the customer's perception of service performance and assumes that respondents automatically compare their perceptions of the service quality levels with their expectations of those services. The model contains 22 questions and a five point Likert scale is used to measure the performance.

For all the service quality dimensions (Tangibles, Reliability, Responsiveness, Empathy and Assurance), the mean score have been computed. The table below represents the results.

#### 4.3.1 Tangibility dimension

Tangibility deals with the appearance of physical facilities, equipment, appearance of personnel, and communication materials, descriptive statistics were taken based on the perception of foreign customers of the CBE.

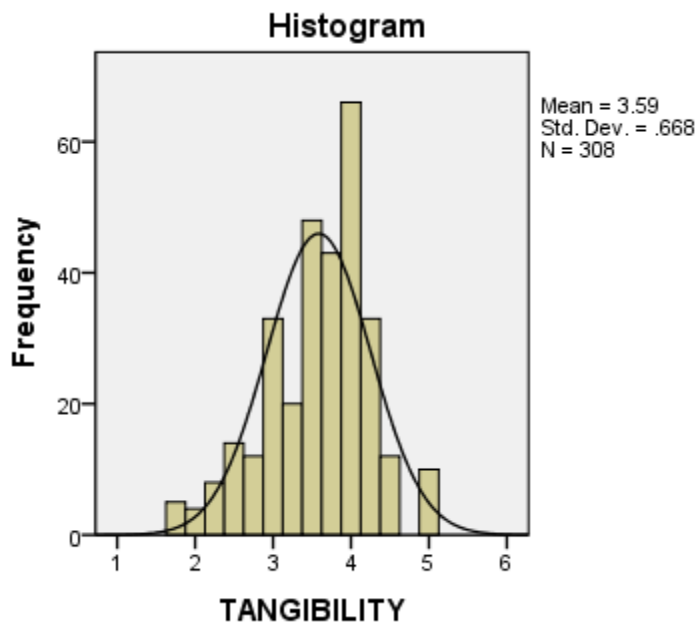
**Table 4.3.1 Mean score for Tangibility**

		modern looking equipment	physical features appearing	employees are neat appearing	Materials are visually appealing	TANGIBILITY
N	Valid	308	308	308	308	308
	Missing	0	0	0	0	0
Mean		3.52	3.47	3.95	3.39	3.59

Source: own survey, 2017

As it can be seen from the table, the mean value of tangibility is 3.59. And from the sub - questions asked under tangibility, the highest mean score, 3.95 is obtained on “CBE reception desk employees are neat appearing” which shows that majority of the respondent’s agree that, the bank front officers serves customers neatly and clearly . The lowest mean score 3.39 is obtained under the statement “Materials associated with service of CBE are visually appealing at the bank”. This implies, it’s necessary to check and take an action or improvement regarding materials visually appealing or attractiveness.

**Figure 4.3.1 analysis of tangibility**



Clearly, it has been shown from Figure 4.3 that, in terms of tangibility, the perception of foreign customers is very likely neutral in the right side. This finding may be attributed an item on tangibility needs an improvement.

### 4.3.2 Reliability Dimension

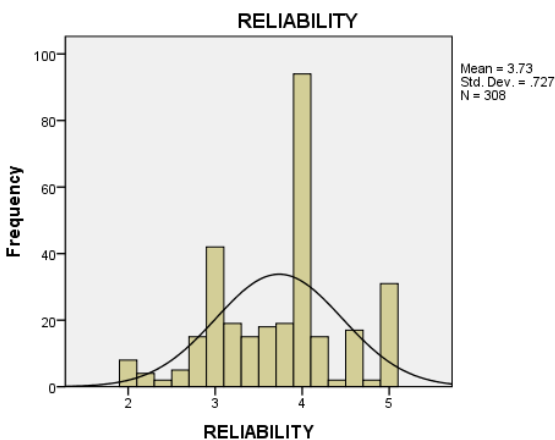
Reliability dimension of a corporate entity is the ability to perform the promised service dependably and accurately, in this study, the researcher deals with the promise of executing a task, solving customer’s problems and taking sincere interest in the problems solving and others.

**Table 4.3.2 Mean score of Reliability**

		Keeping promises	problem solving	performing service right the first time	provides its service at promises	error free records	RELIABILITY
N	Valid	308	308	308	308	308	308
	Missing	0	0	0	0	0	0
	Mean	3.77	3.98	3.81	3.51	3.52	3.73

Source: own survey, 2017

On the issue of reliability of the services delivered by CBE, five items were measured. The mean scores of the items from the above Table, Foreign customers’ perception indicate that the services of CBE are reliable. Customers are provided with the services as promised and when there are problems, the bank shows interest and the preparedness to deal with the problems customers are encountered with. Out of the five items measuring service reliability statements, “When you have a problem CBE shows a sincere interest in solving It.” yielded highest score of 3.98 for its perception. This means that the employees of CBE are co-operative and highly interested to solve the problems of customers.



**Figure 4.3.2 analysis of reliability**

As shown clearly from the figure, the perception of foreign customers regarding to reliability is very well, but there are also some items of reliability that needs an improvement for better result. Reliability of service designates the bank’s capability to supply the promised output at the stated level. That is the reason the Motto of CBE is “The bank always rely on”

**4.3.3 Responsiveness Dimension**

Responsiveness is the willingness to help customers and provide prompt service and others such as making information available to customers and not appearing too busy to respond to request.

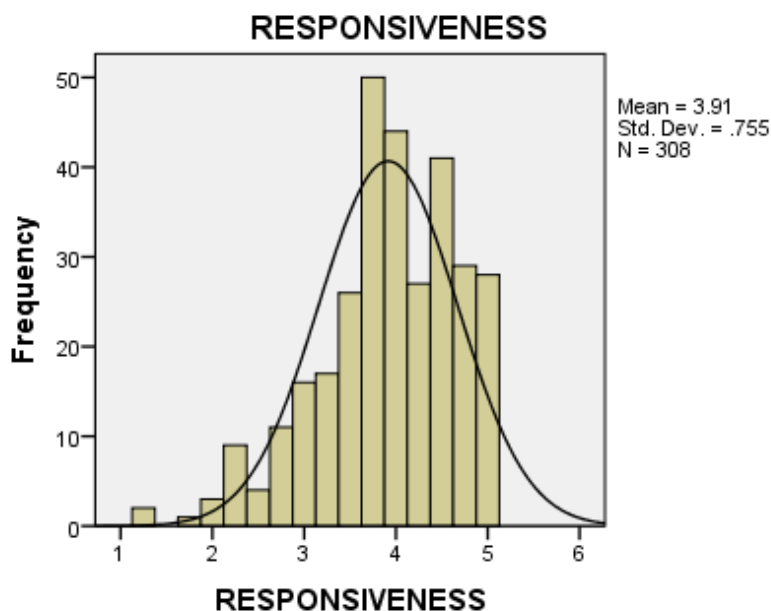
**Table 4.3.3 Mean Score of Responsiveness**

	Informing when service performed	prompt service	Willingness to help	never Busy to respond request	RESPONSIVENESS
N Valid	308	308	308	308	308
Missing	0	0	0	0	0
Mean	3.61	3.99	4.20	3.86	3.91

Source: own survey, 2017

Evidently, the mean score for the perception related responsiveness is 3.91. Out of the four statements/ items of responsiveness , the item “Employees of of CBE are always willing to help you” gave the highest mean score of 4.20. This means that Employees of CBE are very alert and co-operative to assist customers needs. The least mean score 3.61 from responsiveness items is “Employees of CBE tells you exactly when the services will be performed”. Its impact create dissatisfied customer. That is,when the customer is kept waiting for no apparent reason creates unnecessary negative perceptions of service quality.

**Figure 4.3.3 analysis of responsiveness**



From the above figure, the perception of foreign customers regarding to responsiveness is very well. So CBE has to keep its responsiveness.

**4.3.4 Assurance Dimension**

Assurance Dimension is the knowledge and courtesy of employees and their ability to inspire trust and confidence.

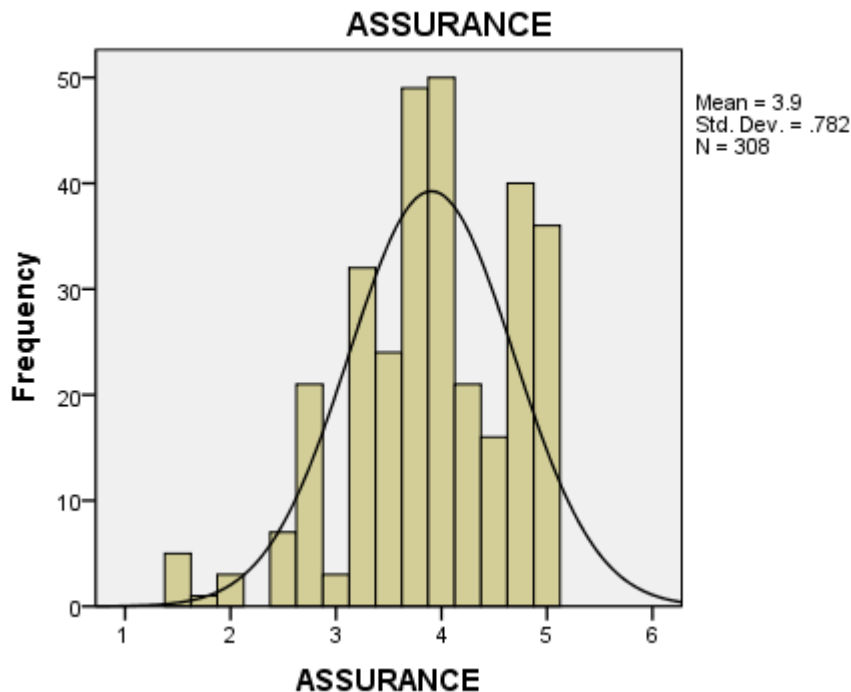
**Table 4.3.4 Mean Score of Assurance**

		Employees instils confidence	feel safe in transactions	Employees consistently courteous	Employees have knowledge	ASSURANCE
N	Valid	308	308	308	308	308
	Missing	0	0	0	0	0
Mean		3.80	3.96	4.07	3.79	3.90

Source

The statement from assurance “Employees of CBE are consistently courteous with customers” yielded the highest mean score of 4.07. Meaning employees of CBE exhibit professionalism in their dealings with customers, because they are active and know their work. The grand mean score of 3.9. is also an indicator of customers having assurance in CBE.

**Figure 4.3.4 analysis of Assurance**



As it's shown from the above figure, the perception of foreign customers about the behavior and ability of the employees to instill confidence, secure transactions, courtesy of the employees and the knowledge of the employees to answer questions from customers is in good position.

**4.3.5 Empathy Dimension**

Empathy Dimension deals with the caring, individualized attention the firm provides to its customers.

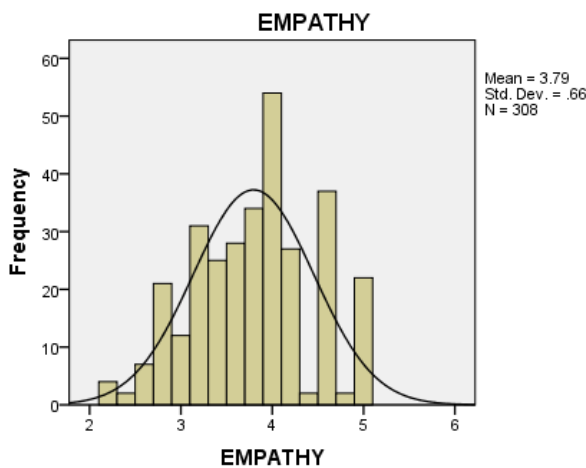
**Table 4.3.5 Mean Score of Empathy**

		individual attention	convenient operating hours	Employees personal attention	CBE your best interest at heart	Employees understandy our specific needs	EMPAT HY
N	Valid	308	308	308	308	308	308
	Missing	0	0	0	0	0	0
Mean		3.95	4.04	3.92	3.48	3.59	3.79

Source: own survey,2017

The mean score of Empathy is 3.79. The majority of the respondents agree that the bank's service hour is convenient and hence the highest mean score 4.04 is obtained there in. The lowest mean score 3.48 from empathy statements' is obtained on "CBE has your best interest at heart". This implies that CBE can't fulfill the interest of the heart of foreign customers.

**Figure 4.3.5 analysis of Empathy**



Regarding to Empathy, the perception of foreign customers, providing caring and individualized attention to customers to make them feel they are receiving caring services and individualized attention is good but needs better works from CBE for better result.

#### 4.3.6 SERVPERF Dimensions

**Table 4.3.6 Mean Score and standard deviation of service quality Dimensions**

	TANGIBILI TY	RELIABILI TY	RESPONSIV ENESS	ASSURANC E	EMPATH Y
N Valid	308	308	308	308	308
N Missing	0	0	0	0	0
Mean	3.59	3.73	3.91	3.90	3.79
Std. Deviation	.668	.727	.755	.782	.660

Source: own survey, 2017

Generally, all the above mentioned points are summarized, responsiveness, which has the highest mean value of 3.91, is the dominant service quality dimension that has strong relation with the satisfaction of foreign customers. Followed by (likely the same) assurance with mean value of 3.9, empathy 3.79, reliability 3.73 and tangibility 3.59. It implies that the Bank should give due consideration for improving all dimensions speciall the tangibility and reliability of the Bank as the mean value for these two dimensions are relatively low. The summary answers the third and fourth research question that requests “how is the perceptions of foreign customers on service delivered by CBE? And “Which dimensions are the best predictors of overall service quality perceived by foreign customers in CBE?”

#### 4.4 Customer Satisfaction

Customer satisfaction is a measure of how products and services supplied by a company meet or surpass customers’ expectation. Parasuraman et al (1985) proposed that when perceived service quality is high, then it will lead to increase in customer satisfaction.

In order to measure the level of foreign customers of CBE, the researcher used American customer satisfaction index (ACSI) represents a new means of evaluating and enhancing performance for organizations and companies and economies. Thus, ACSI helps firms, industries, and nations seeking to maintain and strengthen their positions in the increasingly competitive economic environment of the twenty-first century. The index contains three questions of about “what the overall satisfaction of service delivery”, “to what extent services met expectations” and “services provided compare with ideal one” with alternative answers of Likert scale “highly dissatisfied, dissatisfied, neutral, satisfied and highly satisfied”. The customers’ response for the above mentioned statement is summarized and presented in the following table.

**Table 4.4.1 Mean Score of customer satisfaction**

	Overall satisfaction of service delivery	service met your expectations	service compare with ideal one	FOREIGN CUSTOMERS SATISFACTION
N Valid	308	308	308	308
Missing	0	0	0	0
Mean	3.72	3.80	3.48	3.67

Source: own survey, 2017

From the above table, an attribute/the items from foreign customers satisfaction “To what extent, CBE has the service met your expectations?” yielded the highest score 3.8 followed by “overall satisfaction of service delivery” with mean score of 3.72. This implies that majority of foreign customers were satisfied and met their expectations by service delivery of CBE. Whereas “the service provided by CBE compared with ideal one” is relatively the least mean score 3.48. And the aggregate mean score of foreign customers’ satisfaction is 3.67.

**Table 4.4.2 Frequency and percentage of overall satisfaction of CBE service delivery.**

	Frequency	Percent	Valid Percent	Cumulative Percent
Very Dissatisfied	3	1.0	1.0	1.0
Dissatisfied	21	6.8	6.8	7.8
Valid Neutral	84	27.3	27.3	35.1
Satisfied	151	49.0	49.0	84.1
Very Satisfied	49	15.9	15.9	100.0
Total	308	100.0	100.0	

Source: own survey, 2017

As depicted from table 4.5.2, 200 or 65% of the respondents were satisfied, 84 or 27.3% were neutral i.e. neither satisfied nor dissatisfied with service delivery of CBE. And the rest 24 or 8% were dissatisfied. This implies that CBE have to work hard to keep the satisfaction of foreign customers and to make more happy for the satisfied respondents and alike. Moreover it is also needed to attract respondents of their satisfaction level were in neutral and alike to add into the satisfied groups.

**4.5 Multicollinearity Test:** Multiple regressions, is used to analyze relationships between more than two variables, and non-linear regression, which is used to analyze relationships that do not have a straight-line pattern. In multiple regression analysis, multicollinearity refers to a situation where a number of independent variables are closely correlated to one another.

Multicollinearity test is done using variance inflation factor (VIF). The VIF indicates whether a predictor has a strong linear relationship with other predictor(s). As a rule of thumb, if the VIF of a variable exceeds 10, there will be a serious multicollinearity problem. The tolerance statistics, which is the reciprocal of VIF (1/VIF), also used to test multicollinearity. Tolerance values below 0.1 indicates serious multicollinearity problem.

**Table 4.5.1 Multicollinearity analysis**

Model		Collinearity Statistics	
		Tolerance	VIF
1	TANGIBILITY	.515	1.941
	RELIABILITY	.539	1.856
	RESPONSIVENESS	.267	3.748
	ASSURANCE	.206	4.846
	EMPATHY	.264	3.795

a. Dependent Variable: FOREIGN CUSTOMERS SATISFACTION

Source: own survey, 2017

As clearly seen from the above Table 4.6.1 that there is no multicollinearity issue, whereby the VIF value is less than 10 and the value of tolerance is not below 0.1. Hence, the assumption of multicollinearity has not been violated.

#### 4.6 Normality Test

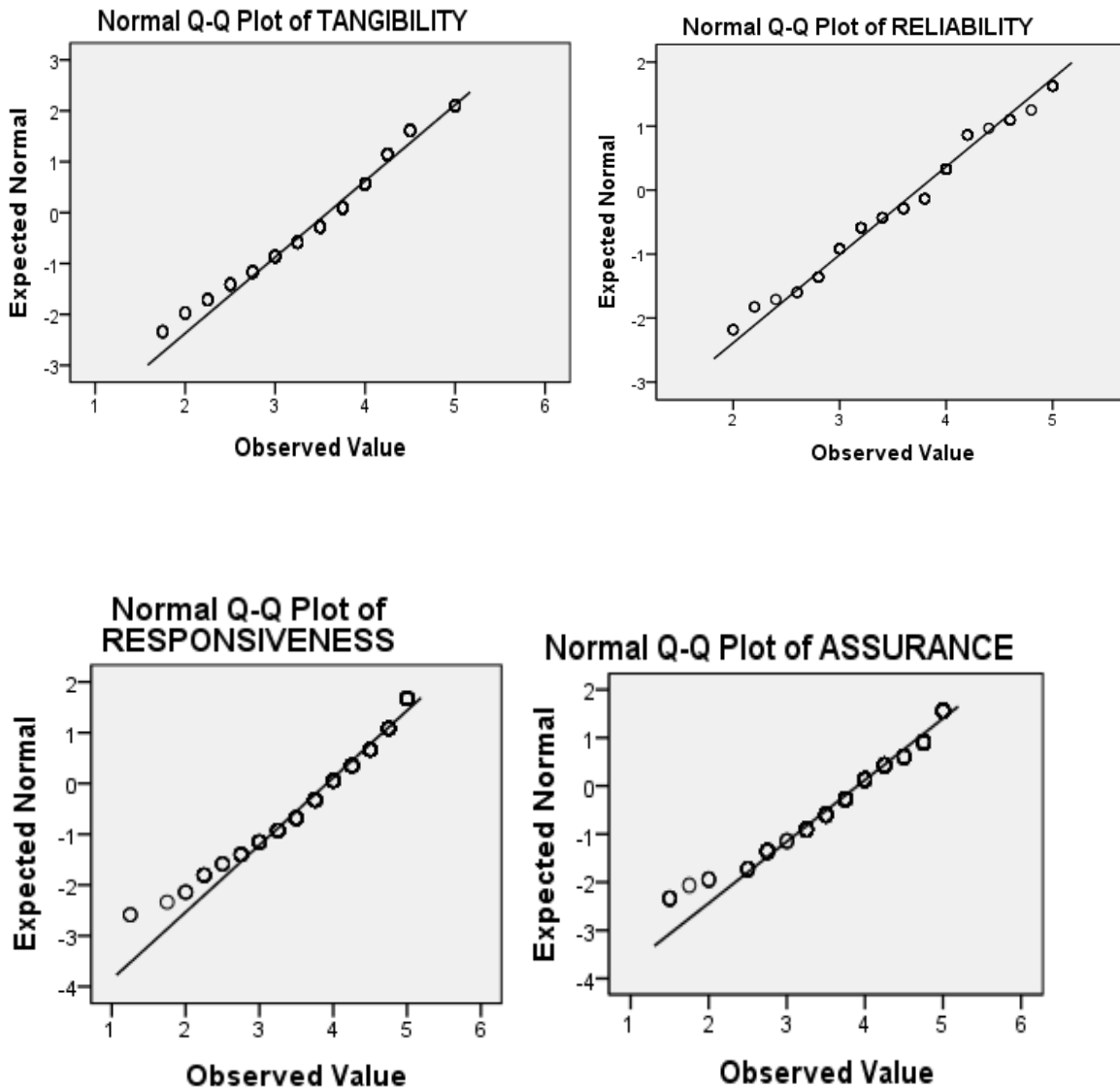
**Table 4.6.1 Skewness and kurtosis of service quality dimensions**

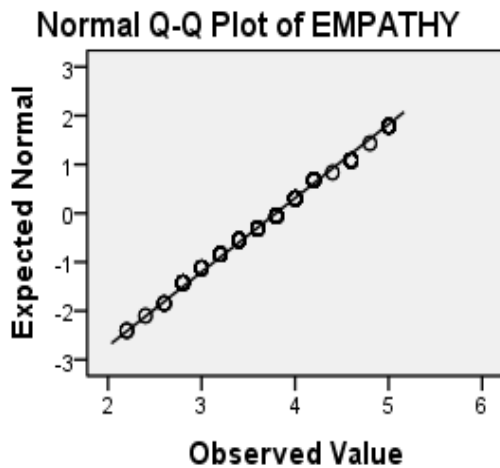
Dimensions		Statistic	Std.Error	Statistic/Std.Error
Tangibility	Skewness	-.506	.139	-.364
	Kurtosis	.198	.277	.715
Reliability	Skewness	-.172	.139	-1.23
	Kurtosis	-.318	.277	-1.14
Responsiveness	Skewness	-.733	.139	-5.27
	Kurtosis	.459	.277	1.65
Assurance	Skewness	-.609	.139	-2.198
	Kurtosis	.301	.277	1.08
Empathy	Skewness	-.068	.139	-.49
	Kurtosis	-.532	.277	-1.92

For normality and kurtosis z-values, the values of (Statistic/Std.Error) should be somewhere in the span of -1.96 to +1.96. The skewness and kurtosis measures should be as close to zero as

possible. In reality, however, data are often skewed and kurtotic. A small departure from zero is therefore no problem. As long as the measures are not too large compare to their standard errors. As a consequence, we must divide the measure by its standard error. From the above table all values of skewness and kurtosis is between -1.96 and 1.96 except skewness of assurance and responsibility. Then it is possible to assume that the data is approximately normally distributed in terms of skewness and kurtosis.

Figure:4.6.1 normality graphs of service quality dimensions





#### 4.7 Correlation Analysis between Service Quality Dimensions and Customer Satisfaction

Basically, a correlation describes a statistical relationship between two variables based on each observation, in other words, correlation is the extent to which two or more things are related to one another (Mike Allen & Hunt, 2009). The correlation range is from +1.00 to – 1.00 (both of these values indicate perfectly correlated variables) thus the values between 0 to – 1.00 which has minus sign indicate to a negative correlation, the meaning of that as one value for a variable increases the value of the other variable diminishes. On contrast, the positive correlation presented by the values fall in between 0 to +1.00, the positive correlation indicates that as one value increases, the value for other variable also increases. Likewise the size of the correlation value indicates the accuracy of the prediction in the direction indicated, larger correlations indicate greater accuracy (Mike Allen & Hunt, 2009).

A low correlation coefficient ( $r$ ), between 0.1 and 0.29, suggests that the relationship between the two variables is weak or non-existent. If  $r$  is between 0.3 and 0.49, the relationship is moderate and a high correlation coefficient, i.e.  $r > 0.5$ , indicates a strong relationship between the variables. That is, if  $r = 1.0$  Perfect relationship, from 0.76 to 0.99 Very strong relationship, and from 0.51 to 0.75 Strong relationship between dependent and independent variables. The direction of the dependent variables change depends on the sign of the coefficient. If the coefficient is a positive number, then the dependent variable will move in the same direction as the independent variable and if the coefficient is negative, then the dependent variable will move in the opposite direction of the independent variable.

In this study, Pearson's correlation coefficient is used to find out the relationship between service quality dimensions and customer satisfaction. Table 4.5.1 exhibits the result of the correlation analysis made using bivariate correlation.

		TANGIBILIT Y	RELIABILIT Y	RESPONSIV NESS	ASSURANCE	EMPATHY	FOREIGN CUSTOMERS SATISFACTION
TANGIBILIT Y	Pearson Correlation	1					
	Sig. (2-tailed)						
	N	308					
RELIABILIT Y	Pearson Correlation	.437**	1				
	Sig. (2-tailed)	.000					
	N	308	308				
RESPONSIV ENESS	Pearson Correlation	.558**	.594**	1			
	Sig. (2-tailed)	.000	.000				
	N	308	308	308			
ASSURANCE	Pearson Correlation	.690**	.608**	.829**	1		
	Sig. (2-tailed)	.000	.000	.000			
	N	308	308	308	308		
EMPATHY	Pearson Correlation	.602**	.667**	.791**	.808**	1	
	Sig. (2-tailed)	.000	.000	.000	.000		
	N	308	308	308	308	308	
FOREIGN CUSTOMER S SATISFACTI ON	Pearson Correlation	.689**	.653**	.819**	.836**	.799**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	308	308	308	308	308	308

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

**Table 4.7.1 correlation of service quality dimensions and foreign customer satisfaction**

Source: own survey,2017

### Hypothesis Testing

*H6o: Service quality dimensions are not positively and significantly correlated with satisfaction of foreign customers in CBE.*

*H6a: Service quality dimensions are positively and significantly correlated with satisfaction of foreign customers in CBE.*

From table 4.5.1, we can observe that assurance is highly correlated with customer satisfaction ( $r = .836$  and  $p < .01$ ) followed by responsiveness ( $r = .819$  and  $p < .01$ ), Empathy ( $r = .799$  and  $p < .01$ ), Tangibility ( $r = .689$  and  $p < .01$ ) and reliability ( $r = .653$  and  $p < .01$ ).

Accordingly, it is possible to conclude that there is a positive, significant and strong correlation or relationship between service quality dimensions and customer satisfaction so that any improvement in one of the dimensions will positively affect to enhance customer satisfaction. In addition, the result confirmed that the alternative hypothesis “service quality dimensions are positively and significantly correlated with satisfaction of foreign customers in CBE” is accepted which leads to rejection of the null hypothesis. It answers the first two research question of the study which is about an assessment of service quality and satisfaction of foreign customers.

Next, for this study, regression analysis is used to identify the impact of service quality dimension on satisfaction of foreign customers in order to answer the main research question.

## 4.8 Regression analysis

Regression analysis is a statistical measure that attempts to determine the strength of the relationship between one dependent variable and a series of other changing variables (known as independent variables). More specifically, regression analysis helps one understand how the typical value of the dependent variable changes when any one of the independent variables is varied, while the other independent variables remain constant. In other words, regression test provide more information about the variables relationship whereby the multiple regression can provide it so that it allows calculating a partial correlation, which is the correlation between a predictor variable and a dependent variable when holding constant another variable or variables. Next, for this study, regression analysis is used to identify the impact of service quality dimension on satisfaction of foreign customers in order to answer the main research question.

### 4.8.1 Tangibility

**Table 4.8.1 regression model summary of Tangibility**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.689 <sup>a</sup>	.132	.474	.540

a. Predictors: (Constant), TANGIBILITY

Source: own survey, 2017

As shown from the above table 4.8.1, the regression analysis, there is a positive statistical relationship between tangibility (the independent variable) and customer satisfaction (the dependent variable). The coefficient of determination (R-squared) indicates the proportionate amount of variation in the response variable (customer satisfaction) explained by the independent variable (tangibility) in the linear regression model. The larger the R-squared is, the more variability is explained by the linear regression model. Thus, 13.2% ( $R^2 = .132$ ) of the variation on customer satisfaction is explained by tangibility.

Hypothesis testing

*H<sub>10</sub>. There is no a positive and significant impact of tangibility on foreign customer satisfaction.*

*H<sub>1a</sub>. There is a positive and significant impact of tangibility on foreign customer satisfaction.*

**Table 4.8.2 ANOVA of Tangibility on customer satisfaction**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	80.686	1	80.686	277.128	.000 <sup>b</sup>
	Residual	89.092	306	.291		
	Total	169.778	307			

a. Dependent Variable: FOREIGN CUSTOMERS SATISFACTION

b. Predictors: (Constant), TANGIBILITY

Source: own survey, 2017

From the above ANOVA table, it can be determined that tangibility has positive and significant impact on the satisfaction of foreign customers as  $F = 80.686$  and  $Sig. = .000$ . Hence, the result depicted that the alternative hypothesis “tangibility have positive and significant impact on the satisfaction of foreign customers in CBE” is accepted which leads to rejection of the null hypothesis.

And from the following coefficient table, we can find the B value which measures how strongly each independent variable influences the dependent variable. Thus, a unit increase in tangibility leads to a .767 increase in customer satisfaction, other things remain constant. Therefore, the more the Bank invests on its physical facilities, equipment, technology and appearance of its employees, the more it satisfies its customers.

**Table 4.8.3 coefficient of Tangibility**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.916	.168		5.450	.000
	TANGIBILITY	.767	.046	.689	16.647	.000

a. Dependent Variable: FOREIGN CUSTOMERS SATISFACTION

Source: own survey, 2017

#### 4.8.2 Reliability

**Table 4.8.4 Model summary of Reliability**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.653 <sup>a</sup>	.149	.425	.564

a. Predictors: (Constant), RELIABILITY

Source: own survey, 2017

From the model summary of reliability in the above table 4.8.4, in the regression analysis, we can see that there is a positive statistical relationship between reliability (the independent variable) and customer satisfaction (the dependent variable). The coefficient of determination (R-square) indicates 14.9% ( $R^2 = .149$ ) of the variation on customer satisfaction is explained by reliability.

Hypothesis test

*H2o. There is no a positive and significant impact of responsiveness on foreign customer satisfaction.*

*H2a. There is a positive and significant impact of responsiveness on foreign customer satisfaction*

**Table 4.8.5 ANOVA of reliability on foreign customers satisfaction**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	72.459	1	72.459	227.832	.000 <sup>b</sup>
	Residual	97.319	306	.318		
	Total	169.778	307			

a. Dependent Variable: FOREIGN CUSTOMERS SATISFACTION

b. Predictors: (Constant), RELIABILITY

Source: own survey, 2017

From the above ANOVA table, it has been determined that reliability has significant impact on the satisfaction of foreign customers as  $F = 72.459$  and Sig. is .000. Hence, the result depicted that the alternative hypothesis “assurance have positive and significant impact on the satisfaction of foreign customers in CBE” is accepted which leads to rejection of the null hypothesis

On the following table 4.6.5 coefficient of reliability table we find the beta value which measures how strongly each independent variable influences the dependent variable. Thus a unit increase in reliability leads to .668 increases in customer satisfaction other things being constant. The bank should invest to enhance its ability to perform the promised service dependably and accurately so that the satisfaction level of its customers increases.

**Table 4.8.6 coefficient of reliability**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.171	.168		6.951	.000
	RELIABILITY	.668	.044	.653	15.094	.000

a. Dependent Variable: FOREIGN CUSTOMERS SATISFACTION

Source: own survey, 2017

### 4.8.3 Responsiveness

**Table 4.8.7 Model Summary of Responsiveness**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.819 <sup>a</sup>	.234	.669	.428

a. Predictors: (Constant), RESPONSIVENESS

Source: own survey, 2017

From the regression analysis table 4.8.7 we can see that there is a positive statistical relationship between responsiveness (the independent variable) and customer satisfaction (the dependent variable).

Then 23.4% ( $R^2 = .234$ ) of the variation on customer satisfaction is explained by the independent variable responsiveness which indicates a high level effect on the satisfaction of foreign customers.

Hypothesis Test

*H3o. There is no a positive and significant impact of reliability on foreign customer satisfaction.*

*H3a. There is a positive and significant impact of reliability on foreign customer satisfaction.*

**Table 4.6.9 ANOVA responsiveness on the satisfaction of foreign customers**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	113.813	1	113.813	622.293	.000 <sup>b</sup>
	Residual	55.965	306	.183		
	Total	169.778	307			

a. Dependent Variable: FOREIGN CUSTOMERS SATISFACTION

b. Predictors: (Constant), RESPONSIVENESS

Source: own survey, 2017

From the above ANOVA table, it is determined that Responsiveness have significant impact on the satisfaction of foreign customers as  $F = 113.813$  and Sig. is .000. Hence, the result depicted that the alternative hypothesis “Responsiveness have positive and significant impact on the satisfaction of foreign customers in CBE” is accepted which leads to rejection of the null hypothesis.

And from the following table 4.8.9, we find the B value which measures how strongly responsiveness, the independent variable, influences the customer satisfaction, the dependent variable. Accordingly, a unit increase in responsiveness leads to a .806 increase in customer satisfaction, other things remain constant.

**Table 4.8.9 coefficient of responsiveness**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.511	.129		3.968	.000
	RESPONSIVENE SS	.806	.032	.819	24.946	.000

a. Dependent Variable: FOREIGN CUSTOMERS SATISFACTION

Source: own survey, 2017

#### 4.8.4 Assurance

**Table 4.8.10 Model summary of Assurance**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.836 <sup>a</sup>	.245	.698	.409

a. Predictors: (Constant), ASSURANCE

Source: own survey, 2017

From the regression analysis we can see that there is a positive and statistically significant relationship between assurance (the independent variable) and customer satisfaction (the dependent variable). Thus 24.5 % (  $R^2 = .245$  ) variation level of customer satisfaction is explained by the independent variable assurance.

Hypothesis test

*H4o. There is no a positive and significant impact of empathy on foreign customer satisfaction.*

*H4a. There is a positive and significant impact of empathy on foreign customer satisfaction.*

**Table 4.8.11 ANOVA of empathy on the satisfaction of foreign customers**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	118.667	1	118.667	710.459	.000 <sup>b</sup>
	Residual	51.111	306	.167		
	Total	169.778	307			

a. Dependent Variable: FOREIGN CUSTOMERS SATISFACTION

b. Predictors: (Constant), ASSURANCE

Source: own survey, 2017

From the above ANOVA table, it is determined that Empathy have significant impact on the satisfaction of foreign customers as  $F = 118.667$  and Sig. is .000. Hence, the result depicted that the alternative hypothesis “Empathy have positive and significant impact on the satisfaction of foreign customers in CBE” is accepted which leads to rejection of the null hypothesis.

On the following table 4.6.8 we find the B value which measures how strongly assurance, the independent variable, influences the customer satisfaction, the dependent variable. Accordingly, a unit increase in assurance leads to a .795 increase in customer satisfaction, other things remain constant. Therefore, if the Bank invests more in building the behavior of its employees to be courteous and customer centric as well as in acquainting adequate knowledge to handle customers’ request properly, then it leads to better customer satisfaction than other service quality dimensions.

**Table 4.8.12 Coefficient table of Assurance**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.564	.119		4.753	.000
1 ASSURANCE	.795	.030	.836	26.654	.000

a. Dependent Variable: FOREIGN CUSTOMERS SATISFACTION  
Source: own survey, 2017

#### 4.8.5 Empathy

**Table 4.8.13 Model summary of Empathy**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.799 <sup>a</sup>	.224	.636	.448

a. Predictors: (Constant), EMPATHY  
Source: own survey, 2017

From the above table 4.8.13, we can infer that there is a positive statistical relationship between the independent variable empathy and the dependent variable customer satisfaction. The coefficient of determination (R-square) indicates 22.4% ( $R^2=.224$ ) of the variation on customer satisfaction is explained by empathy.

*H5o. There is no a positive and significant impact of assurance on foreign customer satisfaction.*

*H5a. There is a positive and significant impact of assurance on foreign customer satisfaction.*

**Table 4.8.14 ANOVA of empathy**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	108.261	1	108.261	538.520	.000 <sup>b</sup>
	Residual	61.517	306	.201		
	Total	169.778	307			

a. Dependent Variable: FOREIGN CUSTOMERS SATISFACTION  
b. Predictors: (Constant), EMPATHY  
Source: own survey, 2017

From the above ANOVA table, it can be determined that assurance have significant impact on the satisfaction of foreign customers as  $F = 108.261$  and  $(p < 0.05)$  Sig. is .000. Hence, the result depicted that the alternative hypothesis “assurance have positive and significant impact on the

satisfaction of foreign customers in CBE” is accepted which leads to rejection of the null hypothesis.

And from the Table below, we can see how strongly the independent variable empathy influences the dependent variable customer satisfaction. Accordingly, a unit increase in empathy leads to a .900 increase in customer satisfaction, other things remain constant. Therefore, if the Bank arranges a convenient working hours to all customers and convince its employees to give individual and personal attention to the customers in order to meet their specific requests, the customer satisfaction level will increase.

**Table 4.8.15 coefficient of Empathy**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.253	.149		1.691	.092
1 EMPATHY	.900	.039	.799	23.206	.000

a. Dependent Variable: FOREIGN CUSTOMERS SATISFACTION

Source: own survey, 2017

As stated here above, Responsiveness is the most influential service quality dimension in customer satisfaction. The second service quality dimension which has the highest effect in customer satisfaction is assurance, followed by empathy and then reliability. Relatively the least influential service quality dimension in customer satisfaction is tangibility.

#### 4.8.6 Overall Regression Analysis

Regression model summary includes the R, R-squared and adjusted R-squared for the model, and the standard error of the estimate. R is the multiple correlation coefficients, its present all the variable together. R-squared is a measure of how much of the variation in the dependent variable is accounted for by the model.

**Table 4.8.16 overall model summary of service quality dimensions**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.894 <sup>a</sup>	.800	.796	.335

a. Predictors: (Constant), ASSURANCE, RELIABILITY, TANGIBILITY, RESPONSIVENESS, EMPATHY

Table 4.8.16 shows that 80% ( $R^2=.800$ ) of the variation on customer satisfaction is explained by the independent variable. Therefore, there is a positive and statistically significant relationship between the service quality dimensions (the independent variables) and customer satisfaction (the dependent variable).

### Hypothesis Testing

*H60. There is no a positive and significant relationship between SERVQUAL dimensions and foreign customers' satisfaction in CBE.*

*H6a. There is a positive and significant relationship between SERVQUAL dimensions and foreign customers' satisfaction in CBE.*

**Table 4.8.17 ANOVA of service quality dimensions and foreign customers satisfaction**

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	135.786	5	27.157	241.274	.000 <sup>b</sup>
Residual	33.992	302	.113		
Total	169.778	307			

a. Dependent Variable: FOREIGN CUSTOMERS SATISFACTION

c. Predictors: (Constant), ASSURANCE, RELIABILITY, TANGIBILITY, RESPONSIVENESS, EMPATHY

Source: own survey, 2017

From the above ANOVA table, it has been determined that service quality dimensions have significant impact on the satisfaction of foreign customers as  $F = 241.274$  and Sig. is .000. Hence, the result depicted that the alternative hypothesis "service quality dimensions have positive and significant impact on the satisfaction of foreign customers in CBE" is accepted which leads to rejection of the null hypothesis.

The hypotheses test of this study confirms that there is positive relationship between service quality and foreign customers' satisfaction. These results imply that when service quality is high, the satisfaction of foreign customers will be also high. The results also show that the customers are satisfied with the quality of service that is provided by CBE.

**Table 4.8.18 Coefficient of service quality Dimension on the satisfaction of foreign customers**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-.380	.127		-3.002	.003
TANGIBILITY	.230	.040	.206	5.750	.000
RELIABILITY	.141	.036	.138	3.940	.000
RESPONSIVENESS	.309	.049	.314	6.296	.000
ASSURANCE	.218	.054	.229	4.044	.000
EMPATHY	.167	.057	.149	2.964	.003

a. Dependent Variable: FOREIGN CUSTOMERS SATISFACTION

Source own survey, 2017

The above coefficient table indicates the beta (B) values of the independent variables with ( $p < .05$ ). From the result, we can conclude that all service quality dimensions (tangibility, reliability, Responsiveness, assurance and empathy) have significant effect on the satisfaction of foreign customers.

The coefficient table for service quality dimensions indicates the beta values of the independent variables. From this the regression equation is derived as:

Regression Equation

$$Y = a + bX_1 + bX_2 + bX_3 + bX_4 \dots$$

$$Y = -.380 + .230X_1 + .141X_2 + .309X_3 + .218X_4 + .167X_5$$

Where, Y= foreign customers satisfaction and  $X_1, X_2, X_3, X_4$  and  $X_5$  stands for Tangibility, Reliability, Responsiveness, Assurance and Empathy respectively.

## CHAPTER FIVE

### Summary of Findings, Conclusion and Recommendation

#### 5.1 Introduction

This chapter summarizes the findings of the study and the conclusions drawn from them. The study mainly examined the impact of service quality on the satisfaction of foreign customers in the case of CBE. Foreign customers have different background and culture.

The research study was organized in five chapters capturing specific areas of relevance in the study. Relevant literatures, both empirical and theoretical relating to the subject matter were reviewed to form the basis for the study. The study is therefore an empirical study conducted in a field setting with specific focus on CBE by perception of foreign customers.

In trying to achieve the objectives of the research, the study used SERVPERF model with self-administered questionnaire that contained 22 performance statements related to the five service quality dimensions. Data was collected through questionnaires from three branches of CBE. (Africa Union, ECA and IBD branches). And quantitative methods were employed. The quantitative method employed the computation of mean for each of the service quality dimension. The questionnaires were pre-tested to ensure validity. The data is analyzed using Statistical Package for Social Science (SPSS) software version 20 through descriptive and inferential statistics.

#### 5.2 Summary of Findings

In order to undertake the study, 363 questionnaires were distributed and 308 has been duly filled and returned. The demographic data showed that 61% of the respondents are Male. Regarding to the age of the respondents, 71% are from 41 to 50 years old. Related to educational qualification, 73% of the respondents were MA degree holders. This showed as most of foreign customers of CBE are well educated. The Monthly income of 59 % of the respondent was more than 5,000 USD. And the Nationality/citizens of the respondents in the continent level showed that 89.3% from Africa, 4.2% from America, 2.9% from Asia and 3.2% from Europe. This implies that the majority of the respondents' were from Africa.

The mean result indicated that foreign customers' are satisfied with responsiveness and assurance followed by empathy. The mean result for tangibility and reliability is relatively lower.

The Pearson's correlation coefficient is used to know the relationship between service quality dimensions and foreign customers' satisfaction and the result showed that there is a positive and significant relationship between them. It also showed that responsiveness has the highest relationship with satisfaction of foreign customers. And from the elements of service quality

dimension, there is high relationship between assurance and responsiveness followed by assurance and Empathy.

The regression analysis indicated that the service quality dimensions have statistically significant effect on the satisfaction of foreign customers. Among the service quality dimensions, Responsiveness is found as the most influential dimension of foreign customers' satisfaction as observed from the result of the analysis.

Thus the findings are important to enable CBE managers, stake holders and decision makers to have a better understanding about foreign customers' perception of service quality of banking and consequently of how to improve their satisfaction with respect to the aspects of service quality.

### 5.3 Conclusion

- The nature of banking services encourages customers to demand the highest possible quality. In order to achieve this, it is essential to be very close to customers to capture information on customer current and future needs and perceptions.
- The study revealed that 80% of the variation on the satisfaction of foreign customers is explained by the independent variables which are tangibility, reliability, responsiveness, assurance and empathy. Therefore, CBE should give due attention on the components of these service quality dimensions especially on those which showed relatively less mean (Tangibility and Reliability) and exert maximum effort to improve them.
- All aspects of service quality, including service efficiency, politeness and friendliness, as well as assurance should be maintained and consistently reviewed to see whether any improvements are required.
- The physical facilities should be improved in order to reach customer satisfaction. Organizing the office in well and comfortable manner has immeasurable value in facilitating service delivery system that in turn increases the satisfaction of customers. Thus, the bank should acquire modern and modern-looking equipment's and visually appealing physical facilities.
- The employees should give prompt service and willing to tell the accurate time when they provide the service for customers. Since, delivering prompt service for the customer adds the satisfaction level of foreign customers, which in turn contributes to the profitability of the bank.
- To improve employee courtesy, helpfulness, understandability, language skills, appearance, and service skills training programs could be arranged.
- Furthermore, the stakeholders of CBE should ensure that all employees are required to become involved in setting quality standards, and should realize that maintaining service quality is part of their jobs.

- Providing timely training and development for employees plays a great role. Thus, the bank should give more attention to training for staff members. This makes to enable them in serving foreign customers well and provide them with relevant and timely information that makes the bank also to have proper communication among staff members and ensuring error-free transaction. Consequently, This will enable them maintain level of competitiveness and to serve the customers well.
- Delivering a quality service for customers have a tremendous effect on the satisfaction of foreign customers that in turn determines the existence and success of bank. So, it's necessary that the bank should attempt to maintain consistent service quality by assessing all the service quality dimensions regularly.

## 5.4 RECOMMENDATIONS

In order to alleviate the problems that were identified by the study, the following recommendations were forwarded.

- The more the physical facilities and personnel of the Bank are presentable, the more the ability of the Bank to build its images and increase the satisfaction of foreigners. Therefore, the Bank has to investigate its weaknesses with regard to quality and physical appearance of equipment, furniture, formats and advertisement materials in order to make them appealing to the customers.
- Continuous follow up needs from the management in the process of service delivery that employees of the bank should pay due attention to their customers' needs and wants through procedure.
- The employees of the bank should pay due attention to their customers' needs and wants, by appearing being polite and cooperative to solve customers' problem which should be needs continuous follow up from the management.
- The Management of the Bank should review their strategy and work hard in presenting customer focused services and service delivery channels that meet the customers' need.
- Service quality is indeed an important antecedent to the satisfaction of foreign customers. It should be noted that the high relative weights of the different service dimensions do not mean that customers are satisfied; on the contrary, it could be argued that there is still room for improvements in that area to further improve the perceived service quality.

## 5.5 Implications for Future Research

The study used the 5 dimensions of service quality using SERVPERF method; there could be some other relevant factors that may be vital for customer satisfaction. Future researches, therefore, may consider more factors which can influence the satisfaction of foreign customers.

The survey method employed in this study was through Likert scale, respondents rating their perception for each question. While if other methods like open ended-questionnaire or semi-structured interview applied, respondents would be able to give more detailed response. This in return would help researchers to identify real problem areas as well as areas that are doing exceedingly well.

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## Appendix A

### ADDIS ABABA UNIVERSITY MA PROGRAM

#### Research Questionnaire form to be filled by foreign customers of Commercial Bank of Ethiopia

Dear Respondents, I am currently doing research on “The Impact of Service Quality on the Satisfaction of foreign customers – In The Case of Commercial Bank of Ethiopia(CBE)” to fulfill the requirement of MA program in Marketing Management at Addis Ababa University.

The purpose of the questionnaire is to gather adequate information from Foreign Customers of CBE regarding the bank’s customer service quality and the level of Foreign Customer’s satisfaction on the overall services of the CBE. In order to make the study more fruitful, your response to the given question would be necessary. All of your responses to the given question would be only used for academic research and will be kept confidential.

The questionnaire below is in three sections. The first section is about your demographic information. The second section asks you to rank all bank service quality dimensions according to your perceptions. And the third part asks about the degree of level of your satisfaction with the overall services provided by CBE.

**I would like to forward my deepest gratitude for your unreserved cooperation for taking your valuable time to fill the questionnaire.**

#### I. DEMOGRAPHIC INFORMATION

**Direction: Please put a check mark (√) on the appropriate box**

- a) Gender: Male  Female
- b) Age: 18-30  31-40  41-50  51-60  above 61
- c) Educational Qualification: Diploma  , Degree  , Master  , PHD and above
- d) Monthly income: less than \$1,000  \$1001-3,000  \$3001-5,000  above \$5,000
- e) Nationality: African  American  Asian  Europe

#### II. SERVICE QUALITY DIMENSIONS

**Direction: This part of the questionnaire intends to find your perception towards the service quality of commercial bank of Ethiopia please circle the number which reflects your perception.**

**1= strongly disagree, 2=Disagree, 3= Neutral, 4= Agree and 5= Strongly Agree.**

Main Factor	Service Quality Dimension statements /Question Area	Level of perception				
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Tangibles	1. Commercial Bank of Ethiopia has modern looking equipment.	1	2	3	4	5
	2. Commercial Bank of Ethiopia physical features are visually appealing.	1	2	3	4	5
	3. Commercial Bank of Ethiopia reception desk employees are neat appearing.	1	2	3	4	5
	4. Materials associated with the service (such as pamphlets or statements) of Commercial Bank of Ethiopia are visually appealing at the bank.	1	2	3	4	5
Reliability	5. When Commercial Bank of Ethiopia promises to do something by a certain time, it does so.	1	2	3	4	5
	6. When you have a problem, Commercial Bank of Ethiopia shows a sincere interest in solving it.	1	2	3	4	5
	7. Commercial Bank of Ethiopia performs the service right the first time.	1	2	3	4	5
	8. Commercial Bank of Ethiopia provides its service at the time it promises to do so.	1	2	3	4	5
	9. Commercial Bank of Ethiopia insists on error free records.	1	2	3	4	5
Responsiveness	10. Employees of Commercial Bank of Ethiopia tells you exactly when the services will be performed.	1	2	3	4	5
	11. Employees of Commercial Bank of Ethiopia give you a prompt service.	1	2	3	4	5
	12. Employees of Commercial Bank of Ethiopia are always willing to help you.	1	2	3	4	5
	13. Employees of Commercial Bank of Ethiopia are never too busy to respond to your request.	1	2	3	4	5

		Strongly Disagree	Disagree	Neutral	Agree	Disagree
Assurance	14. The behaviour of employees of Commercial Bank of Ethiopia instils confidence in you.	1	2	3	4	5
	15. You feel safe in your transactions with Commercial Bank of Ethiopia.	1	2	3	4	5
	16. Employees of Commercial Bank of Ethiopia are consistently courteous with you.	1	2	3	4	5
	17. Employees of Commercial Bank of Ethiopia have the knowledge to answer your questions.	1	2	3	4	5
Empathy	18. Commercial Bank of Ethiopia gives you individual attention.	1	2	3	4	5
	19. Commercial Bank of Ethiopia has operating hours convenient to all its customers.	1	2	3	4	5
	20. Commercial Bank of Ethiopia has employees who give you personal attention.	1	2	3	4	5
	21. Commercial Bank of Ethiopia has your best interests at heart.	1	2	3	4	5
	22. The employees of Commercial Bank of Ethiopia understand your specific needs.	1	2	3	4	5

**III. CUSTOMER SATISFACTION**

To indicate your degree of SATISFACTION, Please circle the number which reflects your level of satisfaction with the services provided by the commercial bank of Ethiopia.

**Very dissatisfied (1), Dissatisfied (2), neutral (3), Satisfied (4), Very satisfied (5)**

customer satisfaction index statements	Very Dissatisfied	Dissatisfied	neutral	Satisfied	Very Satisfied
1. What is your overall satisfaction with Commercial Bank of Ethiopia service delivery?	1	2	3	4	5
2. To what extent, Commercial Bank of Ethiopia has the service met your expectations?	1	2	3	4	5
3. How well the service provided by Commercial Bank of Ethiopia compare with ideal one?	1	2	3	4	5

**THANKS A LOT AGAIN!!!**