



ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
MASTERS OF BUSINESS ADMINISTRATION (MBA)

*The Effect of Service Quality on Customer Satisfaction, the Case of Hibret Bank
Four Selected Branches (Bole, Bole Medhanielem, Misrak and Beklobet)*

By:
Tesfaye Melkamu Asmare

**A Thesis Submitted to Addis Ababa University College of Business and
Economics in Partial Fulfillment of the Requirements for Master's Program in
Masters of Business Administration (MBA)**

April, 2021
Addis Ababa, Ethiopia

This is to certify Ato Tesfaye Melkamu Asmare that he has done a research on the topic *The Effect of Service Quality on Customer Satisfaction, In The Case of Hibret Bank Four Selected Branches (Bole, Bole medhanialem, Misrak and Beklobet)*. This research is of his original work and all the sources of material used for the study had been dully acknowledged.

Advisors Name:-Asres Abitie (PhD)

Signature: _____

Date: _____

Place: Addis Ababa University, College of Business and Economics

Addis Ababa University
College of business economics
Masters of business administration (MBA)

Thesis on the Effect of Service Quality on Customer Satisfaction, the Case of Hibret Bank Four Selected Branches.

By:-
Tesfaye Melkamu Asmare

Approved By

Asres Abitie (PhD)
Advisor	Signature	Date
Zealelem G/Tsadik (PhD)
Internal examiner	Signature	Date
Getie Andualem (PhD)	<i>getand</i>	<i>25/4/21</i>
External examiner	Signature	Date

Place: - Addis Ababa University, College of Business and Economics

Declaration

I, Tesfaye Melkamu Asmare, declare that this thesis is my original work, that complies with the regulation of the university, fulfill the accepted standard of thesis quality and all the material resources I use during the thesis had been duly acknowledged.

By: Tesfaye Melkamu

Signature _____

Date _____

Place: Addis Ababa University, College of Business and Economics

Acknowledgments

The first and for most my thanks enchanted to the Almighty God and his mother saint marry for graciously help me in all my life endeavors me including the accomplishment of the thesis from the beginning to its finishing.

I would like to express my greatest & deepest appreciation to my advisor Asres Abitie (PhD), for his constructive and valuable criticism as well as advice in the course of this thesis preparation, who genuinely guided me to the right direction.

My special thanks go to my father and mother, which they lead me the best of my life and shaped me through all my personal life as well as unforgettable supported to my education.

I am much indebted to my wife W/ro Ayal Negash, who unconditionally support and loves me, without the support of her, this paper work would not have gone this far.

The last but not the least, I want to express my gratitude to those who have shared me their busy time and. Their effort in responding the questionnaires.

Acronyms

ATM = Automated Teller Machine

HB= Hibret bank

POS= Point of Sale

SERVQUAL= Service Quality

SPSS = Statistical Package for Social Science

ETB=Ethiopian Birr

Abstract

Following liberation of financial sector Hibret Bank S.C had incorporated as a Share Company on Sept 10, 1998 and Licensing and Supervision of Banking Business Proclamation No. 84/1994. Even if the bank operate more than two decades still there are customer complaint on the service quality delivered by the bank. Therefore, the aim of the study were studying the impact of service quality on customer satisfaction, the case of Hibret bank four selected branches. For this study a questionnaire was designed under five service quality dimension model. A sample consist of 364 were selected based on convenience sampling technique. Primary data were analyzed using SPSS software version 24. The researcher also used correlation and multiple regression for showing the relationship of service quality variables to customer satisfaction. Correlation analysis indicates that, there is positive relationship each service quality variables with customer satisfaction. On the other hand multiple regression shows that there were a strong positive impact on customer satisfaction from the four service quality variables (tangibility, reliability, responsiveness and empathy). While assurance as a negative impact on customer satisfaction. Among the five service quality variable empathy had a very strong correlation with customer satisfaction. In general the finding of the research showed that the performance of service quality of Hibret bank didn't make satisfy the customers need. So, this lead to low customer satisfaction. based on this the researcher recommended the bank to train the front line employee and prepare complaint handling mechanism as well as modernizing the office structure to make the office impressive to customers.

Key Words: Service Quality, Customer Satisfaction, Tangibility, Reliability, Responsiveness, Assurance and Empathy,

The Effect of Service Quality on Customer Satisfaction, The Case of Hibret Bank S.C.

Table of Contents

Approved.....	iii
Declaration.....	iv
Acknowledgments.....	v
Acronyms.....	vi
<i>Abstract</i>	vii
CHAPTER ONE.....	1
INTRODUCTION.....	1
1.1. Background of the Study.....	1
1.2. Background of the Organization.....	3
1.3. Statement of the Problem.....	4
1.4. Basic Research Questions.....	4
1.5. Objective of the study.....	5
1.5.1. General objective.....	5
1.5.2. Specific objective.....	5
1.6. Significance of study.....	5
1.7. Scope of the study.....	5
1.8. Limitation of the Study.....	5
1.9. Organization of the Study.....	6
CHAPTER TWO.....	7
LITERATURE REVIEW.....	7
2.1 The Theoretical Foundation.....	7
2.1.1 Definition of Service.....	7
2.1.2 The Characteristics of Service.....	7
2.1.3 Service Quality.....	8
2.1.4 SERVQUAL.....	8
2.1.5 The Gap Model.....	9
2.1.6 Customer Expectation and Satisfaction.....	11

The Effect of Service Quality on Customer Satisfaction, The Case of Hibret Bank S.C.

2.1.6.1 Customer expectations.....	11
2.1.6.2 Customer Satisfaction.....	11
2.1.7 Factors that Influence Customer Satisfaction.....	13
2.2 Empirical Review`	13
2.2.1 The Relationship between Service Quality and Customer Satisfaction.....	14
2.2.2. Choice of Service Quality Model of the Study	14
2.3 Conceptual Framework of the Study	16
2.4 Hypotheses.....	17
CHAPTER THREE	18
THE RESEARCH METHODOLOGY.....	18
3.1 Research Design.....	18
3.2 Sampling Techniques.....	18
3.3 Populations.....	19
3.4 Sample size	19
3.5 Data collection	20
3.5.1 Primary data	20
3.6 Validity and Reliability.....	21
3.7 Data Analysis.....	21
3.8 Ethical Considerations	22
CHAPTER FOUR.....	23
DATA ANALYSIS AND DISCUSSION	23
4.1 Descriptive Analysis for Demographic variables	23
4.2 Reliability test.....	25
4.3 Descriptive Analysis for SERVPERF Dimensions.....	26
4.3.1 Tangibility	27
4.3.2 Reliability.....	27
4.3.3 Responsiveness.....	28
4.3.4 Assurance	28
4.3.5 Empathy	29
4.4 Descriptive analysis for overall Customer Satisfactions	30

4.5 Correlation analysis	30
4.6. Assumption Tests.....	32
4.6.1. Multi-collinearity test	32
4.6.2. Linearity test	32
4.6.3. Hetero-scedasticity Test	33
4.6.4. Normality Test.....	34
4.7 Multiple Regression Analysis.....	35
4.8 Hypothesis testing results	36
CHAPTER FIVE	38
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS.....	38
5.1 Summary of Findings.....	38
5.2 Conclusions.....	40
5.3 Theoretical Contribution and Policy Implication	40
5.4 Limitation and Future Research Direction.....	42
<i>References</i>	43
Appendix I Questionnaire	48

List of tables

Table 3.1 population of sample.....	20
Table 3.2 Summary of valid sample vs. sample selected	20
Table 3.3 Reliability.....	21
Table 4.1: Gender distribution	23
Table 4.2: Age distribution	24
Table 4.3: Customer Type distribution	25
Table 4.4: Reliability analysis (Cronbach’s Alpha).....	25
Table 4.5: Mean score of respondents	26
Table 4.6: Tangibility dimension analysis	27
Table 4.7: Reliability dimension analysis.....	27
Table 4.8: Responsiveness dimension analysis	28
Table 4.9: Assurance dimension analysis	28
Table 4.10: Empathy dimension analysis	29
Table 4.11 Overall Customer Satisfactions distribution.....	30
Table 4.12: Correlation coefficient table	30
Table 4.13: Pearson’s correlation matrix for SERVPERF dimensions and satisfaction	31
Table 4.14: ANOVA (analysis of variance)	34
Table 4.15: Multiple Regression of SERVPERF Dimensions and its impact on satisfaction	35

Table of figures

Figure 2.1 Service quality assessments.....	8
Figure 2. 2 Customer service gap	9
Figure 2.3 Situational factor for customer satisfaction.....	12
Figure 2.4 Factors that affecting customer satisfaction	13
Figure 2.5 Conceptual framework	16
Figure 4.1 Level of Education Distribution	24
Figure 4.2 Linearity Assumption	33
Figure 4.3 Hetero-scedasticity Assumption.....	33
Figure 4.4 Normality Assumption	34

CHAPTER ONE

INTRODUCTION

This chapter shows the overall map of the study. It contented with background of the study, of the organization, statement of the problem, research questions, objective of the study, significance of the study, scope of the study, and eventually organization of the study.

1.1. Background of the Study

Service quality may be a technique that facilitates to administer business processes so as to make sure to make full customer satisfaction of which help to extend aggressive and effectiveness of the business. The potential of a service render to make high degree of satisfaction is crucial for product differentiation as also developing sturdy long last relation with customers. The one challenges of this market is how ever company satisfy and keep their customers and conjointly manage service quality, which holds a dominant importance to client satisfaction (Atalik & Arslan 2009) as cited (Million, 2017). Furthermore, delivering high quality services can help in meeting several requirements such as customer satisfaction, customer loyalty, market share, soliciting new customers, improved productivity, financial performance and profitability (Ilosa et al., 1998 as cited in Mesay 2012).

According to Ledet (2019) service quality may help as predictor of customer satisfaction. The higher the service quality the higher will be customer satisfaction. The major customer expectations are customers expect solid information, customers expect options, customers expect superior communication, customers expect consulting, and customers expect a seamless relationship. Meeting these expectations would cement the relationships, increase their satisfaction, help to gain customer loyalty, and which in term retains the business.

In service delivering companies all staffs has to be customer orientated in addition to this interact with customers to satisfy their needs in order to make customer delighted, basically there must be service commitment from employees and support from all levels of management. So as, it is important for employees who provide goods or services that they must constantly keep track of information about the company's wellbeing as far as meeting its customers' needs are concerned (Abdullah, Abang, Francine & Rozario, 2009). Service organizations stands from huge international corporations for instance airlines, motels, telecommunication, banking industries,

The Effect of Service Quality on Customer Satisfaction, The Case of Hibret Bank S.C.

hotel and freight logistics to the huge of locally operated small businesses, including restaurants, barberry, baking, transportation, parking, education, and other numerous businesses services are assumed to be service delivering organizations (Wright, 2009).

Defining service quality is not as such simple as defining product quality; this is because of the nature of services. Parasuraman, Zeithaml & Berry, (1985) have developed service quality measurement tool (SERVQUAL) & defined the service quality as the gap between customer expectation and perception based on five dimensions. They further define consumer's perception of service quality as a function of the difference between expectations about the performance of a general class of service providers and assessment of the actual performance of a specific service within that class. The author identifies five dimensions of service quality measurement as a tool these are: tangibles, reliability, responsiveness, assurance, and empathy.

Currently, service quality has been the most important factor for the success as well as survival in banking industry and also to differentiate one from other competing banks. Service quality is very sensitive in a highly competitive environment such as that of the Hibret Bank operating environment. Beyond that, delivering high quality services support in meeting several requirements such as customer satisfaction, customer loyalty, market share, soliciting new customers, improved productivity, financial performance and profitability (Shanka, 2012).

Because of increasing competition in banking industries, customer service is a most important part that must give due attention to the customer's satisfaction. The Banks challenged by the pressures of globalization, as well as competition from financial institutions, in addition volatile market dynamics are constantly seeking new strategies to add more value to their services (Stafford, 1996).

The goal of many banks is to develop services which attract and keep customers satisfied, loyal and speak well of the bank which in turn would increase revenue, customer equity, market share and profitability. In banking industry, service quality is being increasingly viewed as a competitive marketing strategy revolving around customer focus, innovation, and creative service and striving towards service excellence (Andotra & Gupta, 2008).

1.2. Background of the Organization

Banking industry currently in Ethiopia comprises eighteen commercial banks, of two are state owned banks and while others other privately owned by shareholders. Those private banks joined the financial sector after liberation of financial industries in 1992 (Rahel, 2015).

Hibret bank change its name from united bank to Hibret bank during Jun, 2020 which is the middle time of this research. So, the researcher may use the name interchangeably.

Following this liberation of financial sector Hibret Bank S.C had incorporated as a Share Company on Sept 10, 1998 and Licensing and Supervision of Banking Business Proclamation No. 84/1994 with initial capital of ETB 25,000,000.00 twenty five million by 336 shareholders and the bank incorporate currently more than 4,000 employees (Annual report2018/19).

Today, Hibret Bank delivering a full-fledged Bank service that gives its customers a large vary of business banking services with 324 Branches and Nine sub-Branches (Internal memo dated Aug, 2019).

Hibret Bank is functioning in prioritizing the approaching years is to strengthen its capital base, maximizing it's come on equity and cashing in on the most recent technology that follow with the most recent developments within the native and international money service business (Annual report2018/19).

The year ended June 30, 2019, the total asset of Hibret Bank has reached ETB 35.74 Billion and its capital has reached Birr 3.86 Billion (Annual Report 2018/19).

Moreover to the institutional banking services rendered throughout its branches, currently the bank is delivers the following multichannel banking services to its customers,

- ❖ Debit card service for 211,207 customers of the bank,
- ❖ POS and ATM services using its own 118 ATM machines and 244 POS machines,
- ❖ Mobile Banking and Internet services with a brand name called Hiber Online and Hiber-Mobile banking. Hiber Online 19,222 and Hiber-Mobile 179,072 were registered and used at the end of June 2019.
- ❖ Further the bank is giving International Cards Payment Services for Visa, Master card and Union Pay International Card Clubs. (Annual Report 2018/19).

1.3. Statement of the Problem

Service quality and client satisfaction are becoming a lot of attention focus area of all banking establishments around the world and in recent years, academicians and practitioners offer a great deal of attention throughout this area as a result of it understood that service quality is also a vital live of firm performance (Yavas & Yasin, 2001).

Mualla (2011) specific that banks amend, develop and, produce effective ways to ascertain the assorted ways that of service quality, therefore on extend the number of their clients supported the competitive market situation by evaluating shopper satisfaction with connection the numerous dimensions that influence service quality competition and technological up gradation have resulted in pressure on customer service

As the competition in commission industries is increasing from time to time, the notion of service quality has become more and additional very important. Service quality has been referred to as a determinant of market share, come on investment and discount (Anderson, 1984).

Therefore, therefore on attract and retain customers by properly characteristic and serving their wish, service suppliers are actively involved among the strategy of understanding customers“ perception of service quality.

This days in Ethiopia new banks are coming to exist and the competition among existing banks increased dramatically, while there are a number of complaints on the service delivery system of Hibret bank, such as, network failures, inefficient functioning service and, are the major problems in most branches of Hibret bank that can adversely affect the service quality and customer satisfaction.

Even if Several researches has been done on the banking industries of Ethiopia, there is a few research done on Hibret banks service quality, for instance Tigist.M (2017) conducted a research on assessment of service quality on customer satisfaction and he recommended in her paper to carry out research in similar area so as to generalize the issues in Hibret bank. Therefore the researcher want to identify the impact of service quality on customer satisfaction in case of Hibret bank S.C.

1.4. Basic Research Questions

This study is aimed to answer the following research questions: -

The Effect of Service Quality on Customer Satisfaction, The Case of Hibret Bank S.C.

- ✓ Does the service quality have a significant impact on customer satisfaction in Hibret Bank?
- ✓ Does the customers satisfy with the service provided by Hibret Bank?
- ✓ Which dimensions of service quality contribute significantly to determine customer satisfaction in Hibret Bank?

1.5. Objective of the study

1.5.1. General objective

The main aim of this thesis was to investigate the impact of service quality on customer satisfaction in the case of Hibret Bank S.C.

1.5.2. Specific objective

The specific objective of the study:

- ✓ To examine that does service quality have significant effect on customer satisfaction.
- ✓ To examine the customers satisfaction with the service provided by Hibret Bank.
- ✓ To investigate the dimensions of service quality that contribute significant impact on customer satisfaction in Hibret Bank.

1.6. Significance of study

This study helps Hibret Bank to ascertain its strength and weakness towards its service delivery and levels of its client satisfaction; besides this, the study is vital for the organization to require corrective action, helps to form decision by distinguishing that dimensions are a lot of vital to focus and to enhance service quality of the organization.

1.7. Scope of the study

Hibret Bank. although there have been various factors that have an effect on service quality and customer satisfaction, during this research only five service quality dimensions were used i.e. reliability, responsiveness, assurance, empathy and tangibility.

1.8. Limitation of the Study

Although Hibret Bank operates throughout the regions of the country, this study is limited to the impact of service quality on customer satisfaction in Addis Ababa branches specifically four

selected branches (Bole, Bole Medhanialem, Beklobet and Misrak). Even if, the findings of this study would have had paramount importance if more customers had been included in the research, for customers who live in different regions may have different perceptions towards customer services.

However, due to time and financial constraints, it was not possible to broaden the study to see the relationship between city branches and outlying branches customer satisfaction level in terms of their perception with respect to the need for bank service. As a result, all the major customers in the city branches only were taken as the subject of the study.

1.9. Organization of the Study

The study was incorporated into five chapters, which has the following:-

Chapter one was all regarding introduction of the study, background of the organization, statement of the problem, basic research questions, objectives of the study, significance of the study, and scope of the study and limitation of the study.

Chapter two deals with the literature review that consists of theoretical and empirical frame works chapter three deals with the overall research methodology.

Chapter four deals with information presentation, analysis, interpret and at last chapter five affect the outline of findings, conclusions and suggestions and limitation and future research directions of the study.

CHAPTER TWO

LITERATURE REVIEW

2.1 The Theoretical Foundation

2.1.1 Definition of Service

Because of their diversity, services have traditionally been tough to outline. The method in which services are created and delivered to customers is usually onerous to know since several inputs and outputs are intangible. Most of the people have very little problem defining manufacturing or agriculture, but defining service can elude them (Lovelock & Lauren, 1999). Recent studies on services have shown that service specifications and agreements present an on-going process within which service definitions evolve through employer service provider interactions (Gelderman, Semeijn & Bruijn, 2015).

According to Kotler & Keller, (2009) "Service outlined as any act and performance that one party can give to another that's basically intangible and doesn't result in the possession of something".

Services are deeds, processes and performances. They elaborate their definition as all economic activities whose output is not a physical product and construction, is usually consumed at the time it's created, and provides further value in forms that are primarily intangible concerns of its 1st customer (Gupta & Zeithaml, 2006).

2.1.2 The Characteristics of Service

Four distinctive service characteristics greatly have an effect on the design of promoting programs: intangibility, inseparability, variability, and perishability (Kotler & Keller, 2006).

1. **Intangibility** in contrast to physical products, services can't be seen, tasted, felt, heard, or smelled before they're bought (Kotler & Kotler, 2006).
2. **Inseparability** Whereas physical goods are manufactured, then inventoried, then distributed, and later consumed, services are usually created and consumed at the same time. As a result of this also is additionally usually present, provider–client interaction could be a special feature of services promoting (Kotler & Keller, 2006).
3. **Variability** because the quality of services depends on who provides them, when and where, and to whom, services are highly variable (Kotler & Kelller, 2009).

The Effect of Service Quality on Customer Satisfaction, The Case of Hibret Bank S.C.

4. **Perishability** Services cannot be stored, so their perishability can be a problem when demand fluctuates (Kotler & Keller, 2006).

2.1.3 Service Quality

Service quality is vital aspect that affects the aggressiveness of business. Banks must always increase the standard of service incessantly since there is no assurance that the current outstanding service are appropriate for future. Thus, banks ought to develop new strategy to satisfy their client and should give quality service to realize competitive advantage over competitors (Siddiqi, 2011). service quality is an advanced and ephemeral construct that refers to some attribute of what's offered, provided whereas satisfaction or discontentedness refers to a customer's reaction to that offer (Pluta & Olearnik, 2011). Service quality is that the totality of features and characteristics of service that bear on its ability to satisfy explicit or implied wants (Kotler & Keller, 2009). According to, (Gronroos, 1982) there are two sorts of service quality these are technical quality and functional quality. Technical quality is what the client is truly receiving from the service (outcome) while functional quality is the manner in which the service is delivered process.

2.1.4 SERVQUAL

The evaluation of service quality is formed during the service supply is process. The figure bellow depicting service qualities is focused evaluation that reflects the customer's perception. Showing in the figure that five principal dimensions that customers use to judge service, i.e. Quality, reliability, responsiveness, assurance, empathy and tangibles (Fitzsimmons. J, Fitzsimmons. M & Bordoloi, 2008).

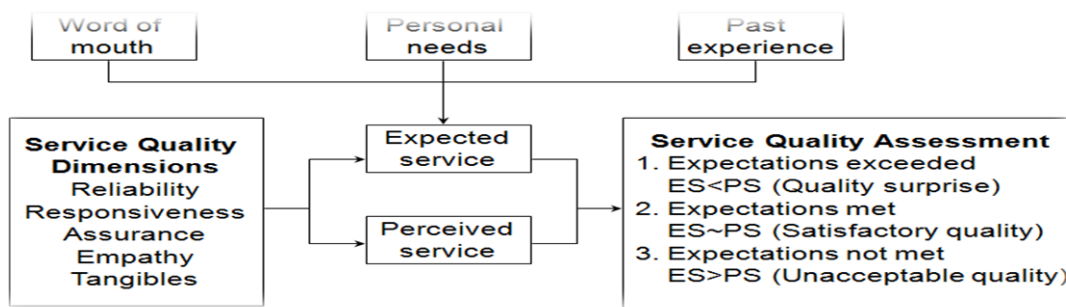


Figure 2.1 Service quality assessments

Source: (Fitzsimmons. J, Fitzsimmons. M & Bordoloi, 2008).

The Effect of Service Quality on Customer Satisfaction, The Case of Hibret Bank S.C.

2.1.5 The Gap Model

The Gaps Model of Service Quality defines service quality as the difference between customers “perceived service and expectations of service or in terms of the gap between the customer’s perceptions of what the service actually provides and what the service should provide. It assumes that the smaller the gap, the higher the quality of services. Moreover, if expectations are greater than performance, then perceived quality is less than satisfactory and hence customer dissatisfaction occurs (Parasuraman, 1985).

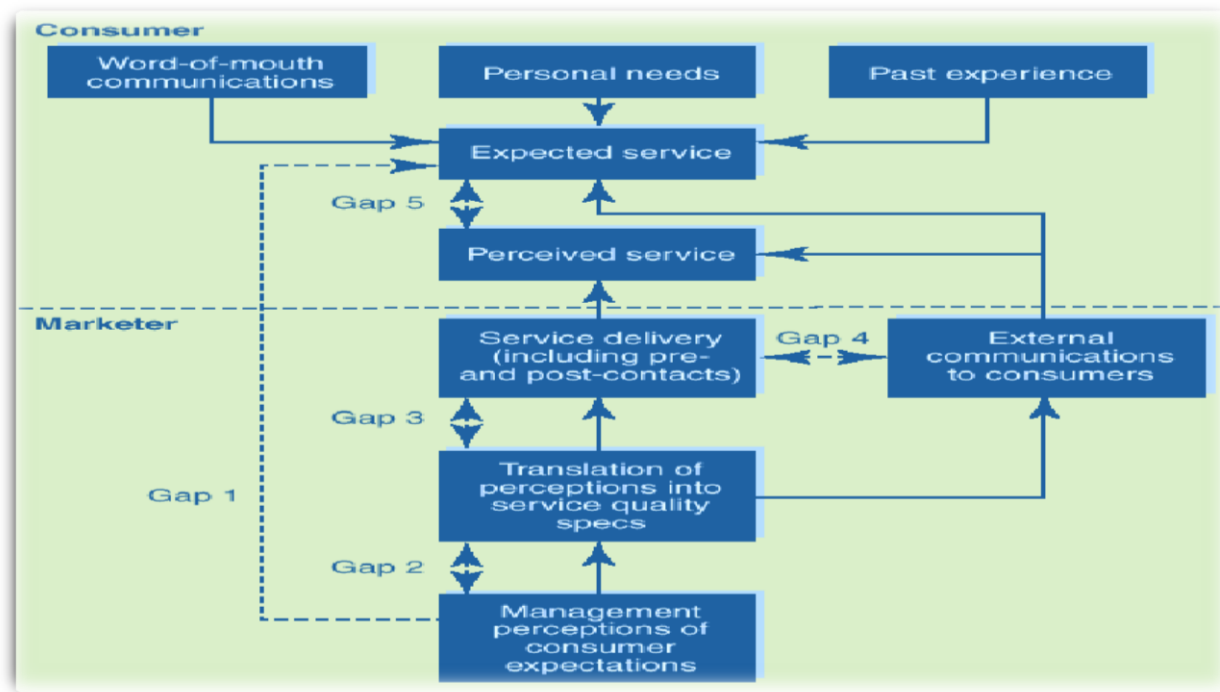


Figure 2. 2 Customer service gap

Source: (Parasuraman, 1985) as cited (Million.T, 2017 pp 21).

GAP1:- Consumer expectation to management perception gap,

The executive perceptions about what consumers need in a quality service is congruent with the consumer expectations revealed in the focus groups. However, discrepancies between executive perceptions and consumer expectations existed, confidentiality during transactions emerged as a pivotal quality attribute in every banking and securities brokerage focus group. Rarely was this consideration mentioned in the executive interviews (Parasuraman, A.; Berry, L.; and Zeithaml, V, 1988) (Parasuraman.A, Zeithaml.A & Leonard L. Berry, 2009).

The Effect of Service Quality on Customer Satisfaction, The Case of Hibret Bank S.C.

GAP2:- Management perception-service quality specification gap:

Executives cited constraints which prevent them from delivering what the consumer expects (Parasuraman.A, Zeithaml.A & Leonard L. Berry, 2009) (Parasuraman.A, A. Zeithaml, & Leonard L. Berry, 1990).

GAP3:- Service quality specifications-service delivery gap:-

Executives acknowledge that a service firm's staff exert a strong influence on the service quality perceived by customers and that employee performance cannot always be standardized. Once asked what causes service quality problems, executives systematically mentioned the pivotal role of contact personnel (Parasuraman.A, Zeithaml.A & Leonard L. Berry, 2009). (Parasuraman, A, Zeithaml, V, and Berry, L, 1985) (Parasuraman.A, A. Zeithaml, & Leonard L. Berry, 1990).

GAP4:-Service delivery-external communications gap:-

Media advertising and other communications by a firm can affect consumer expectations. If expectations play a significant role in client perceptions of service quality (as the services literature contends), the firm should make certain to not promise a lot of in communications than it will deliver in reality. Promising more than can be delivered can raise initial expectations however lower perceptions of quality once the guarantees aren't consummated? The chief interviews recommend another perhaps a lot of intriguing manner within which external communications may influence service quality perceptions by customers. This happens once companies neglect to tell customers of special efforts to assure quality that aren't visible to consumers. Comments of many executives implied that customers aren't always aware to everything done behind the scenes to serve them well (Parasuraman.A, Zeithaml.A & Leonard L. Berry, 2009; Parasuraman, A, Zeithaml, V, and Berry, L, 1985) (Parasuraman.A, A. Zeithaml, & Leonard L. Berry, 1990).

GAP5:- expected service – perceived service gap:-

The focus groups unambiguously supported the notion that the key to ensuring good service quality is meeting or exceeding what consumers expect from the service. A male respondent in a banking services focus group described the frustration felt when his bank would not cash his payroll check from a nationally known employer because it was postdated by one day. When someone else in the group pointed out legal constraints preventing the bank from cashing his check, he responded, "Well, nobody in the bank explained that to me. This in turn resulted in a perception

of poor service quality (Parasuraman.A, Zeithaml.A & Leonard L. Berry, 2009) (Parasuraman.A, A. Zeithaml, & Leonard L. Berry, 1990) (Parasuraman, A, Zeithaml, V, and Berry, L, 1985).

Judgment of high and low service quality depends on how consumers perceive the actual service performance in context of what they expected. The quality that consumers perceive in a service is a function of the magnitude and direction of the gap between expected service and perceived service (Tsegaye, 2017).

2.1.6 Customer Expectation and Satisfaction

2.1.6.1 Customer expectations

Customers hold different types of expectations concerning service, the very best form of these are desired service and adequate service. Desired service is that the level of service the client hopes to receive (Dr Maxwell. A & Thobeleni. W, 2013).

The expectations signal the extent of client hopes and desires and belief that they will be consummated, so failure to satisfy these expectations could result to customers lowering on purchase, customers usually settle for that the service wouldn't continually be performed in step with their expectations and this is often rest referred to as adequate service (Dr Maxwell. A & Thobeleni. W, 2013).

Adequate service is that the level of service that customers can settle for though' customers' hopes and desires should be high; they but have a particular level of understanding in cases wherever receiving desired service don't appear realistic in the slightest degree. For instance customer's area unit wont to the self-service approach employed in market and so have sure levels of understanding or tolerance towards food retailers" service delivery (Dr Maxwell. A & Thobeleni. W, 2013).

2.1.6.2 Customer Satisfaction

Customer satisfaction is that the feeling of somebody who is satisfied or otherwise once comparing between reality and expectations received from a product or service suggested that satisfaction isn't solely a way broader concept than simply assessment of service quality, however also influenced by alternative factors. Client satisfaction is influenced by customer perception of service quality, product quality, price, and by situational factors and private factors of the client (Genoveva, 2015) (Genoveva, 2015).

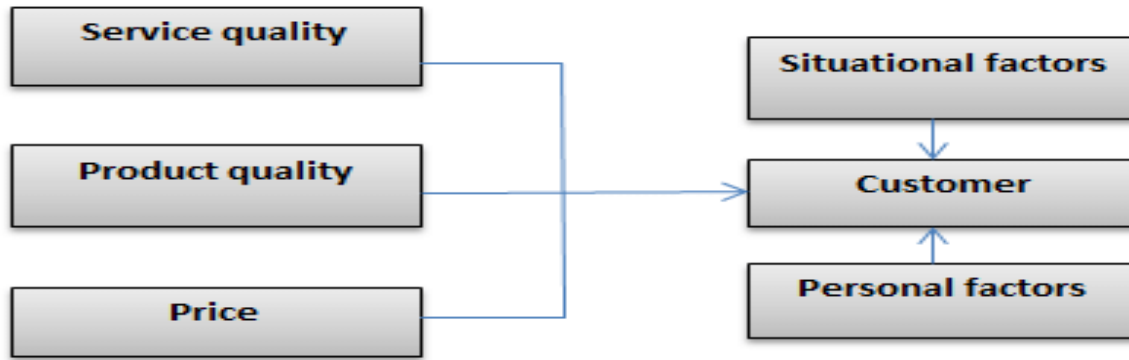


Figure 2.3 Situational factor for customer satisfaction

Source: (Genoveva, 2015).

There are five components in customer satisfaction according to Wilkie (2004), as cited by (Genoveva, 2015).

- (1) **Expectation** is consumer expectation for an honest or service that has been established before customers purchase goods or services;
- (2) **Performance** is client expertise on the performance of the particular product or services once they used while not impact by their expectations;
- (3) **Comparison** is completed by scrutiny the expectations of the performance of the products or services before buying and also the perception of the particular performance of the products or services;
- (4) **Confirmation/Disconfirmation** is client expectations are influenced by their experiences to use of the mark from the products or services completely different from others.

Confirmation happens once expectations correspond to actual performance product. **Disconfirmation** happens once expectations are higher or less than the particular performance of the product (Genoveva, 2015).

Customer satisfaction is dynamic and relative. Solely the concept “customer-centric” can facilitate firms improve satisfaction and keep client truly, conversely, if competitors improve client satisfaction, then it's going to loss corporate customers. Whereas rising client satisfaction, client expectations ought to be noticed. Service quality, product quality and worth for cash have a right away positive impact on client satisfaction. Employee satisfaction is equally necessary before achieving the client satisfaction. If staff have a positive influence, then they'll play a giant role to extend client satisfaction level. Satisfaction could be a dynamic, moving target which will evolve

overtime, influenced by a range of things. Notably once product usage or the service expertise takes place over time, satisfaction could also be extremely variable looking on that purpose within the usage or expertise cycle one is focusing. (Lovelock, C & Wright, L.2007, 86-87.), as cited (Kabu. K & Soniya M, 2017).

2.1.7 Factors that Influence Customer Satisfaction

According to (Hokinson, 1995) these factors embody friendly workers, knowledgeable workers, useful workers, accuracy of charge, charge timeliness, competitive pricing, service quality, good value, charge clarity and fast service.

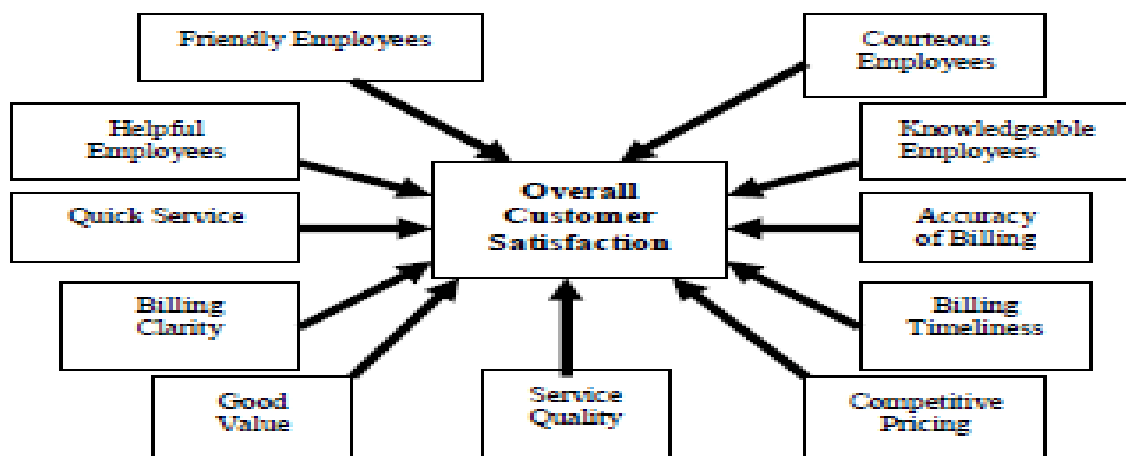


Figure 2.4 Factors that affecting customer satisfaction

Source: (Sharmin, 2012; Hokinson, 1995)

2.2 Empirical Review`

Empirical studies show that the standard of service offered is expounded to overall satisfaction of the client. Most researchers counsel that a high level of service quality ought to be delivered by the service supplier is that the tool for achieving a high level of client satisfaction. Because the quality of services improves the extent of client satisfaction will increases (Zewditu, 2017). (Zewditu, 2017).

2.2.1 The Relationship between Service Quality and Customer Satisfaction

Customer satisfaction is changing into one of the foremost essential objectives that any firm seeking for long-run relationship with customer considers as the high priority. In retail banking context wherever the contacts with customers are one in all the foremost core business processes, client satisfaction is changing into the key for successful (Ngo Vu Minh, & Nguyen Huan Huu, 2016). One of the most components deciding client satisfaction is that the customer's perception of service quality. Client satisfaction is delineated as the results of a comparison of the customers' expectations and his or her subsequent perceived performance of service (Ngo Vu Minh, & Nguyen Huan Huu, 2016).

According to this conceptualization, perceived service quality is one in every of the antecedents to overall client satisfaction. Previous studies showed the proof support this relationship between client satisfaction and service quality (Yee, R. W. Y., Yeung, A. C. L., & King Cheng, T. C., 2010). Despite the fact that, there also are debates regarding the causative relationship between client satisfaction and service quality. Specifically, there are three major positions regarding this relationship within the literature (Ngo Vu Minh, & Nguyen Huan Huu, 2016).

First, as indicated above, service quality is represented as antecedents to client satisfaction. Second, some researchers recommend that client satisfaction is that the reason for service quality. The third position of the service quality- satisfaction relationship argues that neither satisfaction nor service quality is also antecedent to the other (Ngo Vu Minh, & Nguyen Huan Huu, 2016). In general, though there's the shortage of accord regarding the conceptualization of the service quality- satisfaction relationship, service quality is an antecedent to client satisfaction is considered as dominant position in recent analysis, particularly in service context trade like banking (Ngo Vu Minh, & Nguyen Huan Huu, 2016).(Ngo Vu Minh,& Nguyen Huan Huu, 2016).

2.2.2. Choice of Service Quality Model of the Study

SERVQ PERF is that the brain kid of Cronin & Taylor (1992) who after in depth analysis and investigation tried that the model of SERVPERF is a higher measurement of service quality for service providing industry. Primary, SERVPERF is found to be superior to the SERVQUAL scale for having the ability to clarify greater variance within the overall service quality measured through the utilization of single item scale and it's been through empirical observation treated. it's

The Effect of Service Quality on Customer Satisfaction, The Case of Hibret Bank S.C.

conjointly evident that SERVPERF is a lot of efficient in reducing the amount of things to be measured by five hundredth than SERVQUAL (Babakus & Boller, 1992 cited in Shanka, 2012). Moreover, in line with Cronin and Taylor (1992), their performance based mostly SERVPERF scale may be a higher technique of measurement service quality. They claim that this scale's dependableness ranges between 0.884 and 0.964 depending on the industry kind and exhibits each confluent and discriminate validity (Mesay, 2012).

The developers of the size contend that, whereas each industry is exclusive in some aspects, there are five finalized dimensions of service quality that ar applicable to service providing organizations typically. These dimensions are; tangibility, reliability, Responsiveness, Assurance and empathy.

1. Tangibility: representing the service physically

This includes physical facilities, equipment, and therefore the physical look of on employee. Parasuraman (1985) outlined corporeality as the look of physical facilities, equipment, personnel, and written materials.

2. Reliability: delivering on promise

Parasuraman et al (1988) outlined reliability as the most important consider conventional service. This refers to the ability to supply the precise needed service in step with given specifications and conditions. Reliableness depends on handling customers' services problems; playing services right the first time; give services at the promised time and maintaining error-free record (Zewditu, 2017).

3. Responsiveness: being willing to help

The inclination and disposition of the workers to serve client quickly and properly, responsiveness outlined as the disposition or readiness of staff to provide service. It involves timeliness of services (Parasuraman, 1985).

4. Assurance: inspiring trust and confidence

Feelings of trust and confidence in addressing the organization, this reflects the workers' information and skill and their ability to create sureness also as confidence in the within the. Assurance is information and courtesy of staff and their ability to inspire trust and confidence (Parasuraman, 1985).

5. Empathy: treating customers as individual

Understanding the customers' personal desires, taking care of them individually and showing them all styles of sympathy and feeling, observing them as shut friends and distinguished clients, (Zewditu, 2017). It involves giving customers individual attention and staff who perceive the wants of their customers and convenience business hours (Parasuraman, 1985).

2.3 Conceptual Framework of the Study

The conceptual framework is that the blue print of the research work that guides the man of science to conceptually understand the analysis and description and operationalize the dependent and the freelance variables so the measuring, processing, analysis of the information and interpretation of the result been simple and meaningful. Customer satisfaction is believed to have an effect on post-purchase perception and future choices of consumers. According to Cronin and Taylor (1992) service to customers and quality service are a significant antecedent of customer's satisfaction. From the above discussion of literature review, it's clear that there's a relationship between service quality and customer's satisfaction wherever the former eventually results in results in. Literature availed variety of models to measuring service quality. SERVQUAL and SERVPERF are among the models that investigator are using most frequently. Each models use five service quality dimensions. The empirical studies additionally shows that service quality dimensions have relations with service quality. It's evident that service quality dimensions have impact on customer satisfaction as varied articles and journals show though with varied degree. SERVPERF model is associate improvised model of Parasurman's SERVQUAL. Whereas SERVPERF mainstay is perceived service quality, SERVQUAL approach integrates the service quality and satisfaction. Having reviewed both theories and empirical studies on service quality on the one hand and also the Hibret bank service delivery situation on the other hand, the subsequent conceptual frame work is drawn for this study.

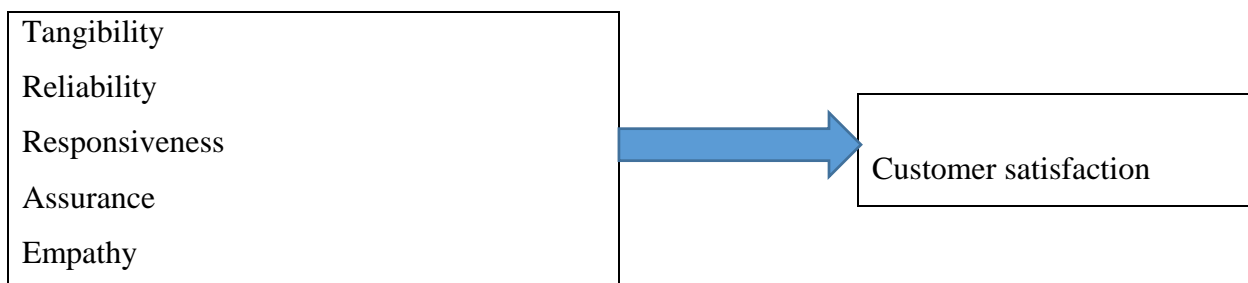


Figure 2.5 Conceptual framework

Source: Own

2.4 Hypotheses

From the above framework the researcher develop to test the following hypotheses.

Based on above the expressed objective, the following hypotheses were investigated.

H1=tangibility has a significant positive impact on customer satisfaction.

H2=reliability has a significant positive impact on customer satisfaction.

H3=responsiveness has a significant positive impact on customer satisfaction.

H4=assurance has a significant positive impact on customer satisfaction.

H5=empathy has a significant positive impact on customer satisfaction.

CHAPTER THREE

THE RESEARCH METHODOLOGY

The aim of this section was to highlight the overall methodological content of the research. Which contains research design, sampling techniques used, determination of sample size and population, data collection techniques, validity and reliability and finally, presents the data analysis method.

3.1 Research Design

The research was designed in a quantitative approach. So, it was predominantly quantitative to generated numerical data for each variable. The researcher used both descriptive and explanatory statistics for analysis purpose. Descriptive analysis used for demographic variables and describe of each independent variable while Explanatory study is used to explain the relationship between the independent variables (service quality dimensions) and the dependent variable (customer satisfaction) A probability sampling technique was applied to determine the sample from population. The questionnaire were designed in a SERV PERF dimension model as developed and modified by (Cronin & Tylor, 1992).

3.2 Sampling Techniques

The researcher used multiple sampling techniques for different sampling stages. That happens in branch grade selection, then Branch selection, finally population distribution. According Creswell (2009) sampling technique outline because it is that the method of drawing inference a few population while not learning the complete population below study.

The research worker choose four branches (Bole, Bole Medhanialem, Beklobet and Misrak) by means of the convenience sampling technique. From sampling technique the research worker used stratified sampling technique were for population of the study. “Sampling theory supports stratified sampling as an economical and best alternative as a result of the suggest that of the stratified samples measure to be nearer to the mean of the population overall” Robson (2002) as cited (Bethlehem, 2015 pp23).

Based on stratified sampling technique branches of Hibret bank classified in to strata of branches as Special Branch, grade A, grade B, grade C and grade D. The research worker choose

The Effect of Service Quality on Customer Satisfaction, The Case of Hibret Bank S.C.

from these branch strata Two Special Branch and Two grade A branches for the study using judgmental sampling technique. Finally, when knowing the sample from cluster the research worker applied convenience sampling technique to distribute form for the respondent. The rationale behind applying convenience sampling technique is as a result of all customers don't seem to be accessible within the bank at a same time.

3.3 Populations

The study focuses on Hibret Bank's provision of service quality rendered to its customers located in Addis Ababa region.

According to the Internal memo dated Aug 18, 2020 over 980,000 customers were registered and using services provided by the bank. Among these exceeding 92,800 of them were found in selected branches. Those branches selected because of they carry out all banking service.

In order to produce a realistic outcome, the collections of data were distributed to major selected four city branches. Around 92,800+ Customers are listed under those branches.

3.4 Sample size

Considering the size, still because the time, it had been onerous to gather data on the complete population. Because of this, during this study to create the sample was determined representatives, the sample size of the study was decided victimization the formula adopted from (Yamane, 1967).

Thus, the formula used to calculate the sample size is

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

Where: n=sample size

N=total population that is 92,800

e= is that the error term, that is five-hitter (i.e. at 95% confidence interval)

Using the on top of formula the easy size of the study is decided as

$$n = \frac{92,800}{1 + 92,800(0.05)^2}$$

$$n = \frac{92,800}{1 + 232}$$

$$n = 398$$

Since the population isn't same in every branch, the man of science proportionate and distribute the sample as follows,

$$n1 = \frac{nN1}{N}$$

Where, n=total number of sample

N= total population

n1= sample in each branch, and

N1=total population in each sample

Table 3.1 population of sample

Name of branches	Total population in branches	Total numbers of sample selected
Bole	11,755	50
Bole medhanialem	13,433	58
Beklo bet	26,798	115
Misrak	40,813	175
Total	92,799	398

Source: Internal memo dated Aug 18, 2020

Table 3.2 Summary of valid sample vs. sample selected

S.No	HB Branch list	Questionnaire distributed	Questionnaire distributed	Response rate
1	Bole	50	46	92.00%
2	Bole medhanialem	58	53	91.38%
3	Beklo bet	115	105	91.30%
4	Misrak	175	160	91.43%
	Total	398	364	91.46%

Source: own survey (2020)

3.5 Data collection

3.5.1 Primary data

The primary data were collected through structured questionnaire. Five point Likert scale The primary data were collected through structured questionnaire. Five point Likert scale questionnaire used to get a more reliable output relating to their personal attitude concerning Hibret bank S.C.

In general, the designed questionnaire includes three main parts;

The Effect of Service Quality on Customer Satisfaction, The Case of Hibret Bank S.C.

The first part aimed to gather information on demographic variables, second part aimed to gather knowledge on independent variables and, the third part is aimed to gather data on the dependent variables.

The SERV PERF questionnaire consists of twenty-two question statement aimed to measure the variables of the study using five-point Likert Scale (1= highly dissatisfied/strongly disagree, 2= Dissatisfied/Disagree, 3= Neutral, 4= agree/Satisfied, and 5= highly satisfied/strongly agree).

3.6 Validity and Reliability

Validity is key in evaluating measures in the thesis. During this thesis, the analysis is valid as a result of the collected data and also the research questions are in a systematic manner. The SERV PERF model questionnaire were developed once looking out different connected researches. So, that the questionnaires adopted from other similar researches, it's famed to be valid.

In order to make sure the reliability of thesis the author had conducted the pre-test of reliability by taking of thirty sample questionnaires. In keeping with martyr & Mallery (2003), states that it's suggested that if a Cronbach's constant of a scale exceeds 0.70 is appropriate as internally consistent, so more analysis may be carried unless it's unacceptable.

Table 3.3 Reliability

Service quality dimensions	Number of attributes	Cronbach's alpha perceived performance
Tangibility	4	0.874
Reliability	5	0.927
Responsiveness	4	0.898
Assurance	5	0.904
Empathy	4	0.846
Overall service quality	5	0.912

Source: Own survey (2020)

3.7 Data Analysis

After the responses gathered, every kind of data concerning the questions was separated and gathered to answer different research objectives. The data received was classified into totally different categories and expressed as percentage and frequencies. The analysis methodology that

The Effect of Service Quality on Customer Satisfaction, The Case of Hibret Bank S.C.

utilized within the thesis was quantitative by using applied mathematics software Package for the Social Sciences (SPSS) version 24 for the data analysis. Both descriptive statistics and inferential statistics were applied.

Descriptive statistics used for measurement percentage and frequency of the information of the respondents, it is additionally applied to for explaining every variable inside the study of service quality and thus the customer's satisfaction on service delivery.

Inferential statistics used for correlation, statistical procedure and analysis of variance analysis performed to analyze whether or not there is relation between each item of the five service quality dimension and repair quality. The investigator were used correlation analysis technique to ascertain whether or not the service quality dimensions and customer's satisfaction had relation.

ANOVA analysis was conducted to analyze customer's satisfaction level and its level of significance. Statistical procedure was done to determine the impact of service quality dimensions on customer's satisfaction.

3.8 Ethical Considerations

Researchers have to take care of various other issues at different stages of the research process. Both the researcher and participants have an important role to play. Researchers have to take care of the participants' right and must consider their research from participants' perspective (Huma Parveen and NayeemShowkat, 2006).

The research was conducted after getting ethical approval from concerned organs. First the researcher requested the permission of Hibret Bank S.C to access the documents of the bank and to get major customers from selected branches to fill the questionnaires.

Moreover the questionnaire on its introduction explain purpose of the research will be academic purpose and to keep respondents data confidentiality the research uses the codes instead of name and other personal information related data.

Finally the respondent included based on their willingness and then the questionnaires distributed to voluntary participants only.

CHAPTER FOUR

DATA ANALYSIS AND DISCUSSION

This chapter consists two parts, the first was present and discuss on demographic data of respondents and the second part presented the data collected through the questionnaire. The questionnaire were explained by SERF PERF model, statistical graphs, tables and figures, which followed by interpretation. The researcher also done the test of assumptions, regression analyses, ANOVA and reliability beyond descriptive analyses.

To conduct this research total of 398 questionnaire were distributed to four selected branches (Bole, Beklo bet, Misrak and Bole medhanialem branches) which mostly have corporate customers. Out of the distributed questionnaire only 364 were filled and returned. The remaining 28 questionnaires were not filled properly and 6 were returned without having any responses, so the researcher analyzed and discussed only based on those filled properly and returned questionnaires.

4.1 Descriptive Analysis for Demographic variables

The first part of the questionnaire is all about demographic information of the respondents. Accordingly the demographic characteristics include Gender, Age, Education level and Customer types. Accordingly demographic information analyzed and summarized as follows.

Gender	Frequency/Number of respondents (n=364)	Percent (%)
Male	246	67.60
Female	118	32.40
Total	364	100.00

Table 4.1: Gender distribution

Source: Own survey (2020)

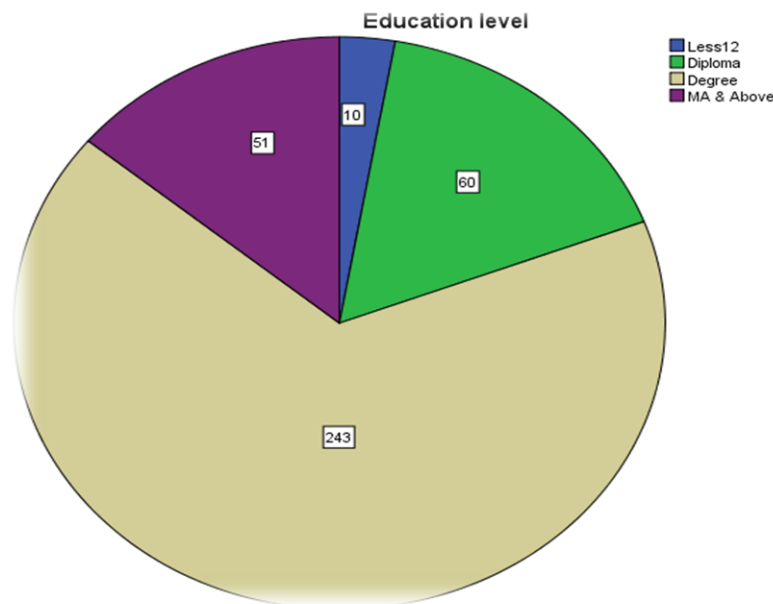
According to the above table 4.1 the researcher found that 67.6% were male and were 32.4% females. This indicates both sex were included in the research, so that the researcher did not suffer from age bias.

Table 4.2: Age distribution

Age	Frequency/Number of respondents (n=364)	Percent (%)
18-24	21	5.80
25-35	162	44.50
36-45	133	36.50
46-54	40	11.00
Above 55	8	2.20
Total	364	100.00

Source: own survey (2020)

From the above table 4.2 the researcher can infer that largest respondent's age falls in between 25-35, 44.5% and then respondent's age held 36-45 was 36.5%, 46-54 was 11%, and above 55 was 2.2%. Generally, more than 80% of Hibret Bank customers aged 25-45 which shows that the customers are in working age which show that bank a potential customer. The implication behind this figures was the researcher participates all age groups so that the research didn't suffer from homogeneity of responses bias.

**Figure 4.1 Education level distribution**

Source: Own survey (2020)

As the fig 4.1 clearly depict 243 of respondents were degree holder which almost 2/3 of respondent was degree holder and the second largest group of respondents were Diploma holder 60 (16.5%). While 51(14.5%) and 10 (2.70%) is MA & Above and Less than grade 12 respectively. This all implies the respondents had a higher literacy rate and they had research knowhow on the subject matter of the research, which lead to more accurate survey result.

Table 4.3: Customer Type distribution

Customer Type	Frequency/Number of respondents (n=364)	Percent (%)
Personal	206	56.60
Company	99	27.20
Employee	59	16.20
Total	364	100.00

Source: Own survey (2020)

The final demographic variable was customer type which indicates whether the respondent was personal saving account holder or company account holder as well as Employee salary account holder. From the above table 4.4, 56.6% of respondents were private saving account holder and 99 (27.2%) company or current account holder and 59 (16.2%) of respondent was staff salary account holder. Those figures show that a good input for the research. Since all customer types included in the research it was vital to articulate external customers like personal and company account holders expectation of service and the internal customer (employees) knowhow on the policy and service of the bank with the actual service delivered by the bank.

4.2 Reliability test

Table 4.4: Reliability analysis (Cronbach's Alpha)

Dimensions	Cronbach's Alpha Value	Number of items
Tangibility	0.883	4
Reliability	0.893	5
Responsiveness	0.886	4
Assurance	0.919	5
Empathy	0.924	4

Overall reliability	0.927	22
---------------------	-------	----

Source: Own survey (2020)

Reliability analysis made for testing does the scale used in the study internally consistent and accuracy. Reliability test has to be undertaken to measure repeatability and accuracy (Bryman and Bell, 2007). According to Field (2009), a variable whose alpha value exceeded 0.7 is accepted for analysis. George & Mallery (2003), states that it is recommended that if a Cronbach's coefficient of measurement scale exceeds 0.70 is acceptable as an internally consistent so that further analysis can be carried unless it is unacceptable. Therefore the above table indicates that all variables have alpha value of greater than 0.7 which was the minimum requirement to be reliable. The highest reliability from the variable is empathy that is 0.924. In general the overall reliability is 0.927 which shows higher consistency and 92.40% of data was reliable. So, the research was reliable enough for further analysis.

4.3 Descriptive Analysis for SERVPERF Dimensions

The mean value represent all arithmetic average of customer responses on certain dimension and standard deviation indicate how diverse the response of customers. The higher the value of mean indicate that most of customers perception rate service quality of Hibret Bank better or agree on the service quality. While the higher value of the standard deviation indicates higher response diversity towards the mean. If respondents have similar perception about service quality the standard deviation becomes smaller. According to Zaidatol & Bagheri (2009),

Table 4.5: Mean score of respondents

Mean score	Description
Less than 3.39	Low
Between 3.40 and 3.79	Moderate
Above 3.80	High

4.3.1 Tangibility

Table 4.6: Tangibility dimension analysis

	HB has modern equipment.	HB has attractive physical facilities.	The employees are neat, disciplined, and professional	Materials associated with the service.
Mean	3.165	3.280	3.341	3.330
Std.deviation	0.9507	0.8929	0.7921	0.8535

Source: Own survey (2020)

From the table 4.6 in general all tangibility questions have mean score value below 3.39 which indicate respondents did not perceive that Hibret bank have good physical make up that is office layout, employee professional clothing and equipment's at all. This indicate that most of the respondents don't believe Hibret bank have modern equipment and attractive physical facilities to deliver the service. Among tangibility question employees well groomed, disciplined and neat have better mean value that indicate smallest gap when compared to the other. The Hibret bank has to work more on installation modern equipment since most of respondent don't agree that it has sophisticated of equipment.

4.3.2 Reliability

Table 4.7: Reliability dimension analysis

	HB promise to deliver, it does so	HB show sincere interest to solve the problem	HB provide accurate information to customer.	On time as promised	Sufficient manpower and material for service
Mean	3.272	3.346	3.258	3.253	3.173
Std.deviation	.8333	0.7792	0.9087	0.8826	0.8784

Source: Own survey (2020)

As the table 4.7 depict all question mean value fall under the low range <3.4. This indicate that the respondent did not believe the bank have sufficient man power and material, punctual, deliver accurate information to customer, keep its promise to deliver, sincere interest to solve the

customer problem. Therefore the bank add more new employees and material and give training for both new comer as well as the existing employees because lack sincere interest to solve and fail to deliver accurate information may arises from lack knowledge about the service well.

4.3.3 Responsiveness

Table 4.8: Responsiveness dimension analysis

	Make info easily obtainable.	Employee gives prompt service.	Employees are happy and willing to serve the customer.	Employees are not too busy to respond
Mean	3.192	3.327	3.225	3.258
Std.deviation	0.9368	0.7962	0.8712	0.8491

Source: Own survey (2020)

This table provides information about the how employee makes the information easily obtainable, the employee gives prompt service, the employees are happy and willing to serve the customer and the employees are not too busy to respond to the customers' requests. All responsiveness questions mean fall under lower category. That indicates the respondent didn't perceive Hibret bank employees make information easily available and happy to and willing to serve the customer. The bank higher management has to make an inspection on employee's service deliverance and follow what is going in the branch.

4.3.4 Assurance

Table 4.9: Assurance dimension analysis

	Employees have required skill in providing services.	The customers feel safe on the service provided by the employees.	The employee trust worthy.	The employees inspire confidence.	The employees of HB are polite to the customer
Mean	3.297	3.310	3.522	3.459	3.390
Std.deviation	0.7855	0.7889	0.6979	0.7318	0.8602

Source: Own survey (2020)

As the table 4.9 depict clearly most question of assurance have mean value on middle range indicates that most respondent agree on assurance dimension question. The assurance dimension refers to the knowledge and courtesy of employees and their ability to inspire trust and confidence including competence, courtesy, credibility and security (Parasuraman et al., 1991).

The respondent indebted with employees have required skill in providing services this question which have lower mean(3.297) among all assurance dimension and linked with the reliability question Hibret bank employee didn't provide accurate information to customer. This implies that even if employees didn't have the required skill and knowledge, the employees are polite to customer, build confidence and trustworthy. If this sufficiently supported by training to acquire the necessary skill and knowledge it will enhance the bank service quality more.

4.3.5 Empathy

Table 4.10: Empathy dimension analysis

	HB employees give individual attention.	The employees do know promptly what your needs are.	HB and its employees have the customer's best interest at heart.	HB has operating hours convenient to the customers.
Mean	3.297	3.3297	3.250	3.335
Std.deviation	0.8397	0.8164	0.8564	0.8116

Source: Own survey (2020)

The last table of descriptive analysis table 4.10 can be analyzed as follow, the empathy dimension of service quality respondents mean value for all four questions is fall under low mean which means that the respondent perceive employees are not giving individual attention to customer, don't promptly what customer's need are, its employees don't have the customer's best interest at heart and the service provider didn't have convenient operating hours to the customers. The implication here is that has to segment and create a corporate client relationship officer that give individual attention and to know best interest to the customer as well as make the service convenient to the customer by extending the time to 7 pm and more.

4.4 Descriptive analysis for overall Customer Satisfactions

Table 4.11 Overall Customer Satisfactions distribution

Response	Frequency	Percentage
Strongly Agree	0	-
Agree	182	50.00%
Neutral	151	41.50%
Disagree	31	8.50%
Strongly Disagree	0	-
Total	364	100.00%

Source: Own survey (2020)

From the table 4.11 we can say the half of 182(50.00%) of customers satisfied with service delivered by the bank and 151(41.50%) of customers are neither satisfied nor dissatisfied with the service delivered by Hibret bank. Only 31(8.50%) or small number of customer dissatisfied with service and there are no customer extremely satisfied as well as dissatisfied with the service delivered through Hibret bank. this indicate that 41.5% of the bank customers are indifferent to rate the service quality satisfying or not. So, the bank may need little effort to satisfy their need.

4.5 Correlation analysis

The parametric statistic can range from -1 to +1, with -1 indicating an ideal correlation, +1 indicating a perfect correlation, and zero indicating no correlation the least bit (Ratner, 2009).

Table 4.12: Correlation coefficient table

Value of coefficients	Relation B/n variable
Above 0.69	Very strongly association
0.50-0.69	Substantial association
0.30-.49	Moderate association
0.10-.29	Law association
Bellow 0.1	Negligible Association

Source: Million.T (2010, pp46).

Table 4.13: Pearson's correlation matrix for SERVPERF dimensions and satisfaction

	Tangibility	Reliability	Responsiveness	Assurance	Empathy	Overall satisfaction
Tangibility	1					
Reliability	.754**	1				
Responsiveness	.647**	.795**	1			
Assurance	.617**	.626**	.727**	1		
Empathy	.702**	.781**	.754**	.787**	1	
Overall satisfaction	0.748**	0.817**	0.775**	0.599**	0.822**	1

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

Source: Own survey (2020)

As the objective of the study and conceptual frame work indicated to test that there is relationship between service quality and customer satisfaction, the following correlation analysis were made and found all independent variables had a positive and significant relationship with customer satisfaction. From the above table 4.13 the researcher can infer about the correlation of independent variables with dependent variable. The dependent variable customer satisfaction has relationship with tangibility ($r = 0.748$, $P < 0.01$) correlation that indicate there is a very strong association between them. Reliability has a correlation of ($r = 0.817$, $P < 0.01$) with customer satisfaction which indicate a very strong relationship of dependent variable customer satisfaction with reliability.

The findings of this analysis match therewith of Zeithaml (1990), who noted that reliability is one in every of the important factors of customer satisfaction.

According to Zeithaml et al. (1988), responsiveness dimension involves willingness to help customers and provide prompt services. Responsiveness has a correlation value($r = 0.775$, $P < 0.01$) with customer satisfaction which implies us there is a very strong association between dependent variable customer satisfactions with independent variable responsiveness.

On the other hand assurance has association coefficient ($r = 0.559$, $P < 0.01$) which indicate that there is substantial relationship between dependent variable customer satisfactions with assurance. The independent variable empathy has the highest association with dependent variable customer satisfaction that is ($r = 0.822$, $P < 0.01$) which is a very strong association.

The Effect of Service Quality on Customer Satisfaction, The Case of Hibret Bank S.C.

The indication of this result was that empathy is the most significant of the entire five service quality dimension used in this study. Due this, giving attention to individual customers, such as; convenience of Hibret bank operating hour and understanding of customers' specific needs have positive link with customer satisfaction.

All this finding supported by the following researchers,

According to Parasuraman, Zeithmal and Berry, (1985), who denote service quality and client satisfaction are closely related.

By Cronin and Taylor, (1992) express as Service quality is antecedent of client satisfaction.

4.6. Assumption Tests

4.6.1. Multi-collinearity test

According to Hair et al (1995), 10 is the maximum level of VIF allowed in a research. Detecting multi-collinearity is important while it doesn't reduce the explanatory power of model, it reduce the statistical significance of the independent variables. Large variance inflation factor (VIF) or a very small value of tolerance value in the dependent variable shows us there is a high multi-collinearity problem. To say there is no multi-collinearity or strong relation between independent variables the value of tolerance must be greater than 0.1 and the variance inflation factor must be less than 10. From the table 4.15 shows the tolerance value and VIF (variance inflation factor) of multi-collinearity beta (β).As the table shows the tolerance value of all independent variables are between 0.233 and 0.389 which is above 0.1 and variance inflation factor (VIF) for each independent variables fall between 2.570 and 4.285 which is also on accepted interval of variance inflation factor that is 10. So, the table in general confirms to us none existence of multi-collinearity problem in the multiple regression analysis.

4.6.2. Linearity test

The model that relates the response Y to the predictors $X_1, X_2, X_3... X_p$ is assumed to be linear in the regression parameters (Chatterjee & Hadi, 2012).

Linear regression needs the relationship between the independent and dependent variables to be linear. It is also important to check for outliers since linear regression is sensitive to outlier effects. The linearity assumption can best be tested with scatter plots. Based on this explanation and the bellow figure the researcher can conclude the linearity assumption is fulfilled.

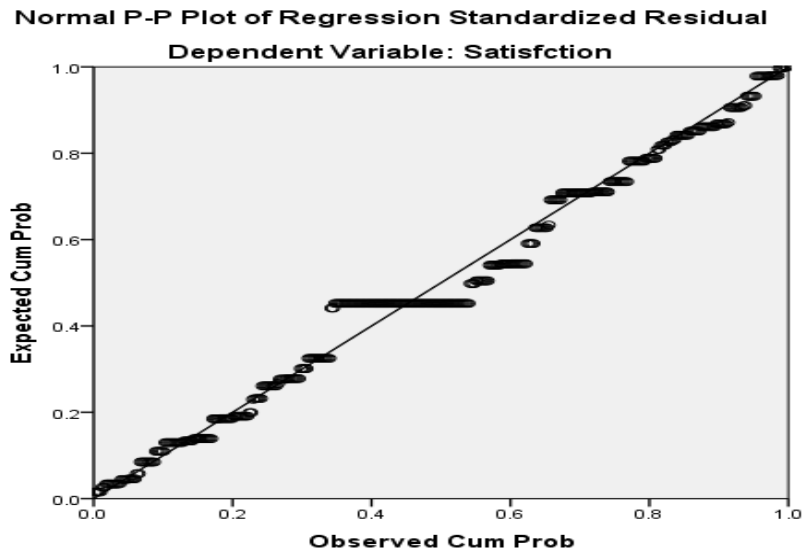


Figure 4.2 Linearity Assumption

Source: Own survey (2020)

4.6.3. Hetero-scedasticity Test

Hetero-scedasticity happens when the standard deviations of a predicted variable, monitored over different values of an independent variable or as related to prior time periods, are non-constant. As shown in figure the hetero-scedasticity assumption has been fully filled.

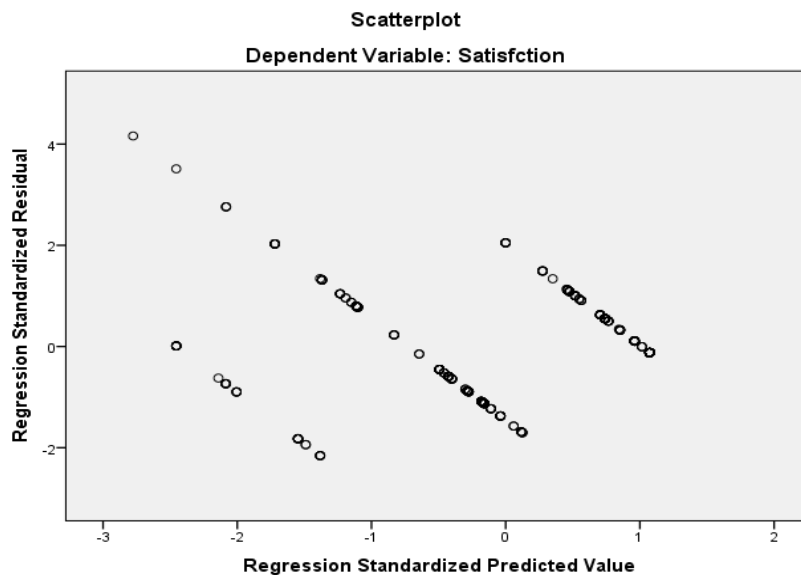


Figure 4.3 Hetero-scedasticity Assumption

Source: Own survey (2020)

4.6.4. Normality Test

According to Osborne and Waters (2002) the normality assumption does not explicate which variables in particular they are referring to, but the implication seems to be that multiple regression requires that the predictor and/or response variables be normally distributed. In reality, only the assumption of normally distributed errors is relevant to multiple regression: Specifically, we may assume that errors are normally distributed for any combination of values on the predictor variables. Based on this idea and the below figure the researcher can say the assumption of normality is fulfilled.

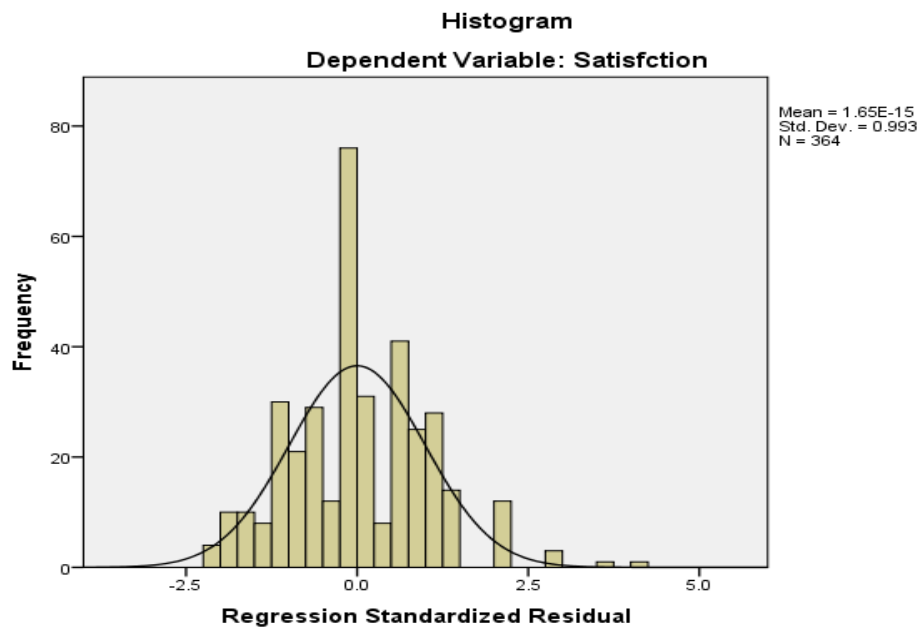


Figure 4.4 Normality Assumption

Source: Own survey (2020)

Table 4.14: ANOVA (analysis of variance)

ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	121.133	5	24.227	296.746	.000 ^b
	Residual	29.227	358	.082		
	Total	150.360	363			

a. Dependent Variable: Customer Satisfaction

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

Source: Own survey (2020).

As shown above the ANOVA table 4.19, the significance value of F statistics is.000 that is less than the 0.05 this shows that there is significant relationship between the dependent (predicted) and (Predictors) independent variables.

4.7 Multiple Regression Analysis

Table 4.15: Multiple Regression of SERVPERF Dimensions and its impact on satisfaction

Model summary of SERVPERF Dimensions on Customer Satisfaction							
Model	R	R square	Adjusted R square	F change		Sig. F change	
				F change	Sig. F change		
1	.898 ^a	.806	.803	296.746	.000		
Coefficient							
Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig	Multi-collinearity	
	B	Std. error	Beta (β)			Tolerance	VIF
Constant	0.86	0.082	-	10.495	.000		
Tangibility	0.193	0.031	0.229	6.136	.000	0.389	2.570
Reliability	0.165	.044	0.181	3.743	.000	0.233	4.285
Responsiveness	0.254	0.038	0.296	6.706	.000	0.280	3.577
Assurance	-0.258	0.039	-0.274	-6.677	.000	0.323	3.100
Empathy	0.438	0.041	0.513	10.740	.000	0.238	4.200

Source: Own survey (2020).

The multiple regression formula $Y = a_0 + a_1x_1 + a_2x_2 + a_3x_3 + a_4x_4 + a_5x_5 + e$

Where Y= the dependent variable (customer satisfaction)

a_0 = constant (y-axis)

a_1 - a_5 = beta coefficient for their respective variables

x_1 - x_5 =the independent variables

e= the standard error

Therefore; the regression model is

The Effect of Service Quality on Customer Satisfaction, The Case of Hibret Bank S.C.

y (customer satisfaction) = $0.86 + 0.229(\text{Tangibility}) + 0.181(\text{Reliability}) + 0.296(\text{Responsiveness}) - 0.274(\text{Assurance}) + 0.513(\text{Empathy}) + e$

As the table 4.15 clearly depict the independent variable (tangibility, reliability, responsive and empathy) has a positive beta coefficient that confirms the four service quality dimension have significant impact to customer satisfaction. Even though the four dimension have positive significant impact the most important variable for customer satisfaction is empathy which have beta coefficient value 0.513. The next most contributor to customer satisfaction is responsiveness which beta value 0.296. The independent variable tangibility and reliability have lower impact respectively compared to the other.

The indication is that (tangibility, reliability, responsive, and empathy) combined significantly influence customer satisfaction.

The adjusted R-square 0.803 implies that 80.3 % of the variance of customer satisfaction can be predicted by the service quality dimension. This result is similar with Betelehem.T (2015) had an adjusted R square value of .816.

4.8 Hypothesis testing results

As multiple regression beta show the five hypothesis tested and the result presented shortly,

H1=tangibility has a significant positive impact on customer satisfaction. Accepted

Tangibility has a beta value of 0.229 that show a significant positive impact on customer satisfaction.

H2=reliability has a significant positive impact on customer satisfaction. Accepted

Reliability has a beta value 0.181 that a significant positive impact on customer but the least among other.

H3=responsiveness has a significant positive impact on customer satisfaction. Accepted

Based on beta value 0.296 responsiveness has second significant positive impact on customer satisfaction.

H4=assurance has a significant positive impact on customer satisfaction. Rejected

Unlikely the correlation analysis the multiple regression beta value for assurance become negative.

This case happen sometime as With the exception of simple linear regression, we cannot guarantee that correlation coefficient and regression slope will always have the same sign. (Chappers, 2020).

Result can be due to the customer's perception for assurance from other variables result has negative impact (Tigist.M, 2017).

H5=empathy has a significant positive impact on customer satisfaction. Accepted

The highest significant positive impact were found on empathy beta (.513). This indicate that empathy contribute more than two time of tangibility and three time that of reliability to the customer satisfaction.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Based on chapter four data analysis of service quality and its impact on customer satisfaction of Hibret bank S.C, the researcher took a sample of 364 from near to one million customers by using a random sampling technique to get an utmost representative sample from the population. The researcher show the effect of service quality dimensions from different perspective using different method to show their impact, like descriptive, regression analysis, ANOVA and hypothesis tests to see there effect from different side. Finally, the researcher drew the following summaries of finding, conclusion and recommendations.

5.1 Summary of Findings

The purpose of this study was to investigate the effect of service quality on customer satisfaction of Hibret bank. The theoretical, conceptual and empirical frame works of chapter two related literature review confirms us the five dimensions (Tangibility, Reliability, Responsiveness, assurance and Empathy) have significant impact on customer satisfaction.

The study was undergone though self-administered questionnaire selected in simple cluster sampling way. The study used a quantitative research as a strategy, descriptive statistic were used for analysis of demographic variables, and for testing its correlation like percentage, frequency, mean, standard deviation, and Pearson's correlation to show relationship of each independent variables with dependent variable. Regression analysis also used for showing the impact of service quality on customers' satisfaction and as well as for testing the hypothesis.

From 364 respondents 246 are male, Large number of respondent age held 25-35 and 36-45; 162 133 respectively which accounts almost 81% of the total population and the list number of respondent is above 55 age which is 8 (2.20%). This shows that majority of respondent are in working age. Out of 364 respondents 243 of respondent is degree holder and followed by 60, 51 diploma and MA above holders respectively, this show that there is higher literacy in Hibret bank customer and has significant impact on the research accuracy. From customer type perspective 206 of are personal account holder and 99, Company or corporate check account and 59 employee account holder respectively. From these we can say that personal and Company account holder

responded the questionnaire from there service expectation and actual service side while the employees responds the questionnaire from banks service quality strategy and actually existing service side. Since, they are as the same time customer and employees of the bank.

Reliability analysis all independent variables has highest consistency and reliability as per sited standard. Empathy is the most reliable among the five service quality dimensions with 92.4% of reliability and the overall reliability is 92.7% which shows highest reliability for further analysis. From the descriptive analysis of service quality dimensions and According to descriptive statistics following summary can be drawn as.

Tangibility dimension service quality questions in general fall under the low mean indicates that the customers did not believe that the bank has modern equipment, attractive physical layout, neat and professional employees. The reliability dimension of service quality also rated as low compared to sited mean standard. Then customers don't believe that Hibret Bank keeps its promises to supply service within a specific time to you, has sincere interest to solve the problem of the customer, gives accurate information to customer and service is provided on time as promised as well as sufficient man power and material is kept to avoid the interruption of service provision. Responsiveness dimension of service quality also of has low ratings as above two dimensions by customers so, still the descriptive analysis show us the service quality needs improvement. According the overall satisfaction distribution 182 agree on service quality or they are comfortable with the service given by the Hibret bank and 151 are indifferent about the service quality of the bank.

From correlation analysis except assurance other four independent variable has very strong relationship with dependent variable while assurance has a substantial relationship.

The ANOVA depict that significance value of F statistics is .000 that is less than the 0.05, which means there is significant relationship between predictor and dependent variable. As the table shows the tolerance value of all independent variables are between 0.233 and 0.389 which is above 0.1 and variance inflation factor (VIF) for each independent variables fall between 2.570 and 4.285 which is also on accepted interval of variance inflation factor that is 10. That confirms to us none existence of multi-collinearity problem in the multiple regression analysis.

5.2 Conclusions

The primary purpose of this thesis was for investigating the effect of service quality on customer's satisfaction of Hibret bank.

From the data analysis result the researcher reached and proposed managerial implication for satisfying customer with the bank's service. The following are conclusion drawn from the data analysis.

- The demographic information of respondent shows that even if the numbers found in each variable a symmetrical, it was enough for the research.
- The descriptive analysis shows that all service quality measuring element (tangibility, reliability, responsiveness, assurance and empathy) has low mean value which indicate the customers of Hibret bank are not satisfied with the service rendered by the bank. The customers are complaining about the delay of service, network interruption, hard to get accurate information from the bank and employee looks busy to respond to the customer.
- The regression analysis in shows that tangibility, reliability, responsiveness and empathy and has a significant impact on customer satisfaction and positive correlation with the customer satisfaction. The highest impact exists between empathy and customer satisfaction while lowest reliability exist between assurance and customer satisfaction.
- The dominant factor in the SERVQUAL dimension is empathy (beta value .513). This dimension indicate to the level of caring and individual attention provided to customers. Service customers often have expectation with regard to the extent to which the service providers appear to understand and be concerned about their individual needs and wants.

Therefore, in today's dynamic business environment high service quality is an important weapon to survive, the higher the service quality lead to the higher customer satisfaction. Therefore, Hibret bank and the management office should influence those dimensions as a way of ensuring that their customers get the satisfaction, as they expect in the services offered.

5.3 Theoretical Contribution and Policy Implication

Upon the research findings and conclusion the following recommendations and policy implication were forwarded;

- 1) Previous researchers indicated that reliability plays a good role to produce quality service. Consequently, Hibret Bank needs to improve its overall reliability dimension of service quality.

The Effect of Service Quality on Customer Satisfaction, The Case of Hibret Bank S.C.

Hence, the following recommendations are recommended reliability Hibret Bank's reliability service quality dimension:-

a) Hibret Bank ought to improve its service as quality as promised initially with consistency of performance.

b) Hibret Bank should show sincere interest to solve to customer's problems by adopting systems which may fasten the service process so on improve the service quality problems as an entire.

c) Hibret Bank ought to do an equivalent once promising to do to make and should maintain error free records to form the corporate and service area additional trustable by avoiding over promising and underperformance.

2) Hibret managerial employees ought to be aware that, among the five service quality dimension, empathy has great impact on customer satisfaction. therefore the bank and its staff ought to target in giving individual attention, promptly apprehend what they need and creating operating hour convenient to the customers. It's vital that giving attention on delivering prime quality services and improving service quality effectively because it is important for client satisfaction.

3) It's to have to own a client relation desk, free call centers so bank assign client relation officers that agitate customers in need of special assistance .If there have been a client relation officers within the bank, the client will simply express their feeling regarding the bank before departure forever.

4) Hibret Bank ought to offer prompt and fast response to its customers" compliant by making an easy and quick compliant handling system by forming a separate section to handle customers" complaints.

5) Hibret Bank ought to offer caring and personalized attention to its major customers since they generate immense quantity of financial gain for the corporate and provides immediate response to every major customer's complaints.

6) Hibret Bank has to perceive the dynamic desires of consumers, their aspirations and expectations to create worth by making effective and continuous feedback system. The company ought to even have a powerful client relationship management and be able to perceive the customer's desires whereas interacting with them.

7) The company should use a feedback system to understand the client service quality expectation and perceptions for rising the extent of client satisfaction and also to give notice customer's criteria in judging the service quality regarding the bank service quality also.

8) Generally, the management and employees of the bank ought to work on exceeding the perception than expectation of customer to ideal service by rising in line with the above recommendations. Therefore, those key aspects can change the Hibret bank to create customer satisfaction..

5.4 Limitation and Future Research Direction

The research was found the following limitations and future research direction:-

- ✚ Because of time the research is limited to city branches, so rural area branches were not included in the study,
- ✚ The research on the same area make widens the scope.
- ✚ The recommendation drawn from the research was as per selected branches means others branches assumed as the same as those selected branches.
- ✚ The research focus were over all service quality. So, to deepen the research.
 - A) Online banking service quality and customer satisfaction,
 - B) Institutional banking service quality and customer satisfaction and
 - C) Diaspora banking service quality and customer satisfaction are area for more clarify and recommend specific policy and strategy.

References

Abdullah, D., & Nailul, M. Abang., and Francine, Rozario. (2009). *Influence of service and product quality towards customer satisfaction.*

Andotra, N., & Gupta, S. (2008). *Airline service effectiveness: an analysis of value addition, quality and risk perception. Abhigyan, 26(2), 10-20.*

Asrat.A, (2017) *Assessing Online Banking Service Quality on Customers Satisfaction: The case of United Bank S.C.*

Atalık, Ö., & Arslan, M. (2009). *Wisdom of domestic customers: An empirical analysis of the Turkish Private Airline Sector. International Journal of Business and Management, 4(7), 61-67.*

Balochi, H., Seyyed Javadein, S. R., & Fayyazi, M. (2016). *The study of the relationship between psychological capital and quality of services by CCA. Management Research in Iran, 19(4), 41-60.*

Babakus, E., & Boller, G. W. (1992). *An empirical assessment of the SERVQUAL scale. Journal of Business research, 24(3), 253-268.*

Bell, E., & Bryman, A. (2007). *The ethics of management research: an exploratory content analysis. British journal of management, 18(1), 63-77.*

Bennett, D., & Higgins, M. (1988). *Quality means more than smiles. ABA Banking journal, 80(6), 46.*

Betlhem.T (2015) *the impact of service quality on customer satisfaction, the case of commercial bank of Ethiopia.*

Bitner, M. J., Booms, B. H., & Tetreault, M. S. (1990). *The service encounter: diagnosing favorable and unfavorable incidents. Journal of marketing, 54(1), 71-84.*

Bitner, M. J., Booms, B. H., & Tetreault, M. S. (1990). *The service encounter: diagnosing favorable and unfavorable incidents. Journal of marketing, 54(1), 71-84.*

The Effect of Service Quality on Customer Satisfaction, The Case of Hibret Bank S.C.

Bowen, J. W., & Hedges, R. B. (1993). *Increasing service quality in retail banking*. *Journal of Retail Banking*, 15(3), 21-29.

Cronin Jr, J. J., & Taylor, S. A. (1992). *Measuring service quality: a reexamination and extension*. *Journal of marketing*, 56(3), 55-68.

Field, A. P. (2009). *Discovering statistics using SPSS for Windows: Advanced techniques for the beginner*. Sage.

Fitzsimmons, J. A., Fitzsimmons, M. J., & Bordoloi, S. (2008). *Service management: Operations, strategy, and information technology* (p. 4). New York: McGraw-Hill.

Gelderman, C. J., Semeijn, J., & de Bruijn, A. (2015). *Dynamics of service definitions—An explorative case study of the purchasing process of professional ICT-services*. *Journal of Purchasing and Supply Management*, 21(3), 220-227.

George, D., & Mallery, P. (2003). *Reliability analysis. SPSS for Windows, step by step: a simple guide and reference*, 14th edn. Boston: Allyn & Bacon, 222-232.

Giese, J. L., & Cote, J. A. (2000). *Defining consumer satisfaction*. *Academy of marketing science review*, 1(1), 1-22.

Gelderman, C. J., Semeijn, J., & de Bruijn, A. (2015). *Dynamics of service definitions—An explorative case study of the purchasing process of professional ICT-services*. *Journal of Purchasing and Supply Management*, 21(3), 220-227.

Gitlow, H., Gitlow, S., & Oppenheim, A. (1989). *Tools and Methods for the Improvement of Quality*. Irwin.

Grönroos, C. (1982). *An applied service marketing theory*. *European journal of marketing*.

Gupta, S., & Zeithaml, V. (2006). *Customer metrics and their impact on financial performance*. *Marketing science*, 25(6), 718-739.

Hair, J. F. Jr., Anderson, R. E., Tatham, R. L. & Black, W. C. (1995). *Multivariate Data Analysis* (3rd ed). New York: Macmillan.

The Effect of Service Quality on Customer Satisfaction, The Case of Hibret Bank S.C.

Hardie, N., & Walsh, P. (1994). *Towards a better understanding of quality. International Journal of Quality & Reliability Management.*

Hossain, M., & Leo, S. (2009). *Customer perception on service quality in retail banking in Middle East: the case of Qatar. International Journal of Islamic and Middle Eastern Finance and Management.*

Kotler, P., & Keller, K. L. (2006). *Marketing Management 12e. France: Edition Pearson Education.*

Kotler, P., & Keller, K. L. (2006). *Marketing management 12e. New Jersey.*

Kotler, P., & Keller, K. L. (2009). *Dirección de marketing. Pearson educación.*

Ledet.D. (2019) *The Effect of Service Quality on Customer Satisfaction: The Case of Addis Credit and Saving Institution in Arada sub city.*

Lovelock, C. H., & Wright, L. (1999). *Principles of service management and marketing.*

Mesay, S. (2012). *Bank Service Quality. Customer Satisfaction and Loyalty in Ethiopian.*

Milliom. T. (2017). *The Effect of Service Quality on Customer satisfaction, the case of Ethiopian Airlines Cargo Import.*

Mualla, N. D. (2011). *Measuring quality of bank services in Jordan: gap analysis. International journal of business and social science, 2(1).*

Munusamy, J., Chelliah, S., & Mun, H. W. (2010). *Service quality delivery and its impact on customer satisfaction in the banking sector in Malaysia. International journal of innovation, management and technology, 1(4), 398.*

Parasuraman, A., Berry, L. L., & Zeithaml, V. A. (1991). *Perceived service quality as a customer-based performance measure: An empirical examination of organizational barriers using an extended service quality model. Human resource management, 30(3), 335-364.*

The Effect of Service Quality on Customer Satisfaction, The Case of Hibret Bank S.C.

Parasuraman, A., Berry, L., & Zeithaml, V. (2002). Refinement and reassessment of the SERVQUAL scale. *Journal of retailing*, 67(4), 114-139.

Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1985). A conceptual model of service quality and its implications for future research. *Journal of marketing*, 49(4), 41-50.

Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1988). Servqual: A multiple-item scale for measuring consumer perc. *Journal of retailing*, 64(1), 12.

Pluta-Olearnik, M. (2011). Internationalization of the service sector-marketing approach. *Folia Oeconomica Stetinensia*, 10(1), 175-185.

Potluri, R. M., & Mangnale, V. S. (2011). Critical factors of customer satisfaction in Ethiopian service sector. *Asian Journal of Business Management*, 3(1), 1-7.

Rahel M. (2015). *Barriers and Benefits of Electronic Banking System in Ethiopia*.

Ratner, B. (2009). The correlation coefficient: Its values range between + 1/- 1, or do they?. *Journal of targeting, measurement and analysis for marketing*, 17(2), 139-142.

Shanka, M. S. (2012). Bank service quality, customer satisfaction and loyalty in Ethiopian banking sector. *Journal of Business Administration and Management Sciences Research*, 1(1), 001-009.

Sheetal, B. S., & Harsh, V. V. (2004). Relative importance of service quality dimensions: a multisectoral study. *Journal of Services Research*, 4(1), 59-80.

Siddiqi, K. O. (2011). Interrelations between service quality attributes, customer satisfaction and customer loyalty in the retail banking sector in Bangladesh. *International Journal of Business and Management*, 6(3), 12.

Stafford, M. R. (1996). Demographic discriminators of service quality in the banking industry. *Journal of services marketing*.

Tigist.M.(2017) *Assessment of the service quality of United bank S.C. and its impact on customer satisfaction*.

United bank annual report 18/19 available at:

United Bank <http://www.unitedbank.com.et/index.php/newsroom/press-release/204-united-bank-announces-strategic-road-map>.

Yamane, T. (1967). Elementary sampling theory.

Yavas, U., & Yasin, M. M. (2001). Enhancing organizational performance in banks: a systematic approach. Journal of Services Marketing.

Zeithaml, V. A. (1988). Consumer perceptions of price, quality, and value: a means-end model and synthesis of evidence. Journal of marketing, 52(3), 2-22.

Zeithaml, V. A., Parasuraman, A., & Berry, L. L. (1990). Delivering quality service: Balancing customer perceptions and expectations. Simon and Schuster.

Zewditu, K. (2017), determinants of service quality and their impact on customer satisfaction: the case of commercial bank of Ethiopia.

Appendix I Questionnaire

Dear respondents,

I would like to thank you in advance for taking your time to fill out this questionnaire as your input will be a key in developing my research on the Impact of Service Qualities of Hibret Bank S.C on its Customer Satisfaction. This form is part of a process called “informed consent” to allow you to understand this study before deciding whether to take part. So the information that you give here is only used for the research purpose and there is no other intention behind.

The purpose of this survey questionnaire is to make a partial fulfillment of the requirements for the Masters of Business Administration in Addis Ababa University college of Business and Economics. The questionnaire has three major parts. Part one deals with the background of the respondent, part two deals with service quality items to be measured by the level of customer satisfaction and part three is all about the overall satisfaction level of the customers and recommendations of customer to the bank. The questions take only few minutes to complete so you are kindly requested to fill all questions completely.

Thank in advance again.

Name: - Tesfaye Melkamu

Phone: - No +251-918-643-901

E-Mail:- tesfamikael01@gmail.com or

E-Mail:- Tesfaye.melkamu@aau.edu.et

Part I - Background of respondents

Instructions: please select an appropriate response category by circling an appropriate choice against each question.

1. Gender

A) Male B) Female

2. Age

A) 18-24 B) 25-35 C) 36-45 D) 46-54 E) Above 55

3. Educational background

A) less than 10+2 B) Diploma C) Degree D) MA and above

4. Type of customer

The Effect of Service Quality on Customer Satisfaction, The Case of Hibret Bank S.C.

A) Personal B) Company C) Employee

Part II –Service Quality Questions

Instructions: Please put a tick (√) in the boxes which mostly explain your attitudes on a five point Likert scale questions.

Where 1. Strongly Disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly agree

S. N	Service Quality Dimension	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
Tangibility						
1	The service deliverer (Hibret Bank) has modern equipment.					
2	The service deliverer has attractive physical facilities.					
3	The employees delivering the services are neat, disciplined, professional in their appearance,					
4	Materials associated with the service (pamphlets, sign posts etc.) are visually appealing.					
Reliability						
5	When Hibret Bank promises to supply service within a specific time to you, it does so					
6	The service provider has sincere interest to solve the problem of the customer.					
7	The service provider gives accurate information to customer.					
8	The service is provided on time as promised.					
9	Sufficient man power and material is kept to avoid the interruption of service provision.					

The Effect of Service Quality on Customer Satisfaction, The Case of Hibret Bank S.C.

Responsiveness						
10	The employees makes the information easily obtainable,					
11	The employee gives prompt service ,					
12	The employees are happy and willing to serve the customer,					
13	The employees are not too busy to respond to the customers' requests.					
Assurances						
14	The employees have the required skill in providing services.					
15	The customers feel safe on the service provided by the employees,					
16	The employee trust worthy,					
17	The employees inspire confidence ,					
18	The employees of the service provider polite to the customer,					
Empathy						
19	The service provider employees usually give individual attention.					
20	The employees do know promptly what your needs are.					
21	The service provider and its employees have the customers best interest at heart ,					
22	The service provider has operating hours convenient to the customers.					

Part III

Over all evaluation of service quality and recommendation by customers,

1. Overall, how satisfied are you with the Hibret Bank S.C services provided?

- A) Strongly Dissatisfied B) Dissatisfied C) Neutral D) Satisfied
E) Strongly Satisfied

2. What are the major challenges you have faced when using services provided by Hibret Bank S.C?

.....
.....
.....
.....
.....

3. What do you suggest to overcome these challenges?

.....
.....
.....
.....
.....

4. Please provide any comment, feedback or suggestion to the company regarding services you receive?

.....
.....
.....
.....
.....
.....
.....