

ADDIS ABABA UNIVERSITY

SCHOOL OF COMMERCE

DEPARTMENT OF MARKETING MANAGEMENT



BANKS SERVICE QUALITY AND CUSTOMER SATISFACTION: A COMPARATIVE STUDY BETWEEN PUBLIC BANK AND PRIVATE BANK (A CASE OF COMMERCIAL BANK OF ETHIOPIA AND AWASH INTERNATIONAL BANK S.CO).

A Thesis Submitted to the School of Graduate Studies of Addis Ababa University in Partial Fulfillment of the Requirements for the Degree of Masters of Marketing Management.

By Gebremedhn Abrha

Advisor: Kahu Mebrahtu (Assistance Professor)

MAY, 2014

Addis Ababa, Ethiopia

Banks Service Quality and Customer Satisfaction

**(A comparative study between Public and Private Banks: a case of
Commercial Bank of Ethiopia and Awash International Bank S.co)**

THESIS

Submitted to

Department of Marketing Management

In partial fulfillment of the requirements

For the degree of

MASTER OF MARKETING MANAGEMENT

By Gebremedhn Abrha

MARKETING MANAGEMENT POST GRADUATE PROGRAM

Approved by Board of Examiner

Research Advisor

Signature

date

Internal Examiner

Signature

date

External Examiner

Signature

date

Table of Contents

Acknowledgments.....	i
Acronyms	ii
List of Tables	iii
List of figures.....	iv
<i>Abstract</i>	v
CHAPTER ONE	1
INTRODUCTION	1
1.1 Background of the Study	1
1.2 Statement of the problem.....	2
1.3 Research questions	4
1.4 Objectives of the study	4
1.4.1 General objectives.....	4
1.4.2 Specific objectives	5
1.5 Hypothesis	5
1.6 Definition of terms	5
1.7 Significance of the Research.....	6
1.8 Scope of the study	6
1.9 Limitation of the study	7
1.10 Organization of the Study	7
CHAPTER TWO	8
REVIEW OF RELATED LITERATURE	8
2.1 Theoretical frame Work.....	8
2.1.1 Service	8
2.2 The Nature of Service and Its Marketing Implication.....	9
2.2.1 Intangibility	9
2.2.2 Inseparability	9
2.2.3 Variability.....	9
2.2.4 Perishability.....	10
2.3 Concept of Service Quality.....	10
2.4 Customer expectation	11
2.4.1 Definition of customer expectation.....	11
2.4.2 Factors that Influence Customer Expectations of Service	12

2.5	Customer Perception of Service Quality	15
2.5.1	Methods of Measuring Service Quality	16
2.5.2	SERVQUAL.....	16
2.5.3	Dimension of Service Quality	17
2.5.4	SERVPERF	19
2.6	Service Quality Gaps.....	20
2.7	Customer satisfaction	22
2.7.1	Definitions of customer satisfaction	23
2.7.2	Determinants of Customer Satisfaction	24
2.8	The Relationship between Service Quality and Customer Satisfaction	25
2.9	Review of Empirical studies	26
2.10	Conceptual Frame work of the Study.....	29
CHAPTER THREE.....		31
RESEARCH DESIGN AND METHODOLOGY		31
3	Description of the Study Area	31
3.1	Commercial Bank of Ethiopia	31
3.2	Awash International Bank	32
3.3	Research Design and Strategy	33
3.4	Methods of Data Collection.....	33
3.4.1	Primary Data.....	34
3.4.2	Secondary Data.....	34
3.5	Sampling Design	34
3.5.1	Population.....	34
3.5.2	Sampling Technique	35
3.5.3	Sample Size	36
3.6	Data collection Instrument.....	36
3.6.1	Questionnaire Structure	36
3.7	Method of Data Analysis.....	37
CHAPTER FOUR.....		39
RESULTS AND DISCUSSION.....		39
4.1	Response Rate.....	39
4.2	Demographic Profile of Respondents' at CBE and AIB s.co.....	40
4.3	Reliability Test.....	43

4.4 Service quality analysis at Commercial Bank of Ethiopia	44
4.4.1 Perception, Expectation and gap score at CBE	44
4.5 Overall customer Satisfaction at CBE.....	50
4.6 Service Quality Analysis at Awash International Bank s.co	51
4.6.1 Customer Perception, Expectation and gap analysis at	51
4.7 Paired Samples T-Test.....	57
4.8 Relationship between Perceived Service Quality and Customer Satisfaction.....	58
4.8.1 Correlation Analysis	58
4.9 Overall customer Satisfaction at AIB S.Co	63
CHAPTER FIVE	64
SUMMARY OF MAJOR FINDINGS, CONCLUSIONS AND RECOMMENDATIONS.....	64
5.1 Summary of Major Findings.....	64
5.2 CONCLUSIONS.....	66
5.2 Recommendations	67
Reference	69
Appendix	74

Acknowledgments

First and foremost, I would like to express my gratitude to almighty God for his abundant grace that I am able to be what I am today. Without the help of GOD all this would have remained only a dream.

Next, I would like to express my sincere gratitude to Kahsu Mebrahtu Areaya (Assistant Professor), my advisor, really for his professional guidance, unreserved comments, for his constructive suggestions and advice from the beginning to the completion of this study.

I am grateful to all my respondents of Commercial Bank of Ethiopia and Awash International Bank s.co and head office managers of the two banks as well as sub branches managers who provided me information that were paramount for this research work. I would also like to thank all individuals who have supported me in printing materials for the last two years in my education carrier.

Thank you and God bless you all.

Acronyms

CBE - Commercial Bank of Ethiopia

AIB S.Co - Awash International Bank S.co

NBE- National Bank of Ethiopia

SERVQUAL – Service quality

P – Perception

E- Expectation

List of Tables

Table 4.1 Distribution of Sample Size and Response Rate	39
Table 4.2 Demographic profile of Respondents.....	40
Table 4.3 Result of Reliability Analysis.....	44
Table 4.4 Perception, Expectation and Service Quality Gap at CBE	48
Table 4.5 Overall Customer Satisfaction at Commercial Bank of Ethiopia.....	51
Table 4.6 Mean score for each SERVQUAL Dimension at AIB S.Co.....	54
Table4.7 Mean perception difference between CBE and AIB customer.....	57
Table 4.8 Results of Pearson Correlation in CBE.....	61
Table 4.9 Results of Pearson correlation at Awash International Bank s.co	62
Table 4.10 Overall customer Satisfaction at AIB S.Co.....	63

List of figures

Fig 2.1 Factors that Influence Desired and Predicted Services.....	15
Fig 2.2 Service quality gap.....	20
Figure 2.3 Conceptual frame work of the study.....	29
Fig4.1 Mean perceptions-Expectations and gap analysis at CBE.....	50
Fig4.2 Mean perceptions, expectations and gap analysis in AIB S.Co.....	56
Fig4.3 Mean perception –Expectation and gap analysis between CBE and AIB S.Co.....	57

Abstract

As the competitive environment become more turbulent in the banking industry, there is the need to provide quality service and ensure customer satisfaction, in order to enjoy high market share and competitive advantage. The study therefore was conducted to assess and compare service quality and overall customer satisfaction in the banking industry, taking Commercial Bank of Ethiopia and Awash International Bank s.co as target study area. The main objective of this study was to assess and compare customer expectations and perceptions and overall customer satisfaction towards CBE and AIB S.co using five dimensions of service quality: tangibility, reliability, responsiveness, assurance, and empathy and a single item was used to measure overall satisfaction. Questionnaires were distributed to 384(192for each bank) customers of the two banks. The target population was contacted conveniently to the researcher that was found available. The primary data was collected using self administered questionnaire through survey method. To analyze the objectives, descriptive statistics, Pearson correlation and paired sample t-test was employed. The results revealed that assurance dimension raised the highest level of perception in CBE and in AIB S.co and responsiveness has the highest gap score while tangibility has the lowest gap score in both banks. Moreover the entire service quality dimensions have a strong and positively correlated with overall satisfaction. In addition, the finding of paired sample t-test shows that there is a significant difference in perception of customers' of CBE and AIB S.Co. To conclude, based on the mean perception of SERVQUAL dimension Awash International Bank S.co provides better service quality comparing to Commercial Bank of Ethiopia except tangibility dimension which is high in CBE. Gaps of AIB S.co are rather smaller than the gaps of CBE which are a proof that AIB S.co delivers more quality service to the customer. This is simply because; the quality of service in CBE is so much below the expectations. The study suggests that SERVQUAL model is appropriate in the banking sector. Hence, managers of the two banks can use this instrument to provide better quality services to their customers.

Key words: *Service Quality, Customer Expectation and Perception, SERVQUAL Dimension, and Customer Satisfaction.*

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Service quality has become an important factor among the customers in retail banking. For the success and survival in the banking sector, provision of high service quality is necessary in meeting several requirements such as customer satisfaction and its consequent loyalty, attracting new customers and to increase the market share and profitability (Kumari and Rani, 2012).

The efficiency of the banking sector depends up on how best they can deliver their services to their customers. Thus, any bank that does not meet customer expectations, it will not be able to compute with other banks. It is a challenge for banks that their customers transfer their account to rival banks because of better services. The service quality theory is considered one of the most debated subjects in service literature since it lacks agreement when it comes to describing and defining service quality (Gupta, et al., 2005). Service quality is a focused evaluation reflecting the customer's perception of specific service dimensions including reliability, responsiveness, assurance, empathy, and tangibility (Zeithaml & Bitner, 2003).

Furthermore, consumers all over the world have become more quality conscious; hence there has been an increased customer demand for higher quality services. Service operations worldwide are affected by quality awareness and emphasis (Lee 2004). Therefore service-based companies like the banks are compelled to provide excellent services to their customers in order to have sustainable competitive advantage.

Literature has proven that providing quality service delivery to customers retains them, enhances corporate image, purchase and loyalty intention, willingness positive word of mouth, guarantees survival and profitability, referral and compliant intentions by many researchers (Olsen, 2002; Soderlund and Ohman, 2005; Negi, 2009; Zekiri, Angelova, 2011; Ladhari et al. 2011).

Existing research indicates that consumers satisfied with service quality are most likely to remain loyal (Wong and Sohal, 2003). Service quality is perceived as a tool to increase value for the consumer; as a means of positioning in a competitive environment. It is crucial for

banks to better understand changing customer needs and adopt the latest information technology system in order to compete more effectively with global organizations.

Banks are the major financial institution in Ethiopia; among others. The number of banks operating in the country in 2013/14 reaches 19, out of which sixteen are private banks (Awash International Bank, Wegagen bank, Dashen bank, bank of Absinia, United bank, Nib International bank, Buna International Bank, Oromia international bank, Lion International bank, Cooperative Bank of Oromia, Zemen Bank, Berhan International Bank, Addis International Bank, Abay Bank, Enat Bank and Debu Global Banks are operating their business and the remaining three are state owned banks (Commercial Bank of Ethiopia, Development Bank of Ethiopia and Business and Construction Bank of Ethiopia) (www.nbe.gov.et).

Across all industries in the world, the issue of service quality remains a critical one as a business strives to maintain a comparative advantage in the market place. Because financial services, particularly banks, compete in the market place with generally undifferentiated products, services quality becomes a primary competitive weapon (Stafford, 1996). A banking organization can get a lot of customers by providing high quality services. Therefore, companies must try to increase productivity in ways that won't have a negative impact on customer satisfaction or perceived quality.

1.2 Statement of the problem

Today globalization and liberalization are affecting economies of not only developing but also developed countries. The focus areas for organizations are also changing from profit maximization to maximizing profits through increased customer satisfaction. The pressures of competition are forcing the organizations to not only look on the processes but also on the way they are delivered (Seth and Deshmukh 2005). Marketers are facing with the challenge of examining their service quality from customers' point view. To achieve this, marketers of service organizations try to determine customers' expectations and then develop their service quality dimension to meet or exceed their customers' expectation (Abedniya and Zaeim 2011).

Providing a good service quality is a major issue for all business. Customer satisfaction may determine the success or failure of the business. In order to remain competitive in the market place, banks need to identify their customers' needs which in turn will help them to ensure a

high market share and substantial return (khalil, 2010). One of the major ways a service firm can differentiate it is by delivering consistently higher quality than its competitors do. Like manufacturers, most service industries have now joined the customer driven quality movement. And like product marketers, service providers need to identify what target customers expect concerning service quality (Kotler& Armstrong 2006).

Research has identified a core set of attributes and actions of successful customer service organizations within the market economy. Regardless of whether these organizations provide goods or services, they recognize that satisfied customers are the key to their success. Achieving high levels of customer satisfaction requires that organizations continually monitor and examine the experiences, opinions, and suggestions of their customers and people who are potential customers. Improving service quality to meet customers' standards is an ongoing part of doing business. In this way, customers drive the market and the organization (Customer Satisfaction, 2007).

Service industries are playing an increasingly important role in the overall economy of many nations. In today's world of global competition, rendering quality service is a key for survival and success, and many experts agree that the most powerful competitive trend currently shaping marketing and business strategy is service quality (Zeithaml *et. al.*, 1996).

Customer satisfaction and service quality are inter-related. The higher the service quality, the higher is the customer satisfaction. Thus, competitive advantage through high quality service is an increasingly important weapon to survive (Munusamy et al. 2010). The reason for the focus on quality of service and customer satisfaction is the belief that organizations can differentiate themselves by means of providing better service quality and overall customer satisfaction (Brink & Berndt 2005).

There has been considerable research as to how service quality should be measured (Babakus & Boller, 1992). In current circumstances, banking sector in Ethiopia becomes increasing, the number of branches proximity, the product offered nearly identical and the introduction of electronic banking like ATM. Therefore, they should find ways to attract and retain customers by delivering their services with highest standards. However, due to strategic differences and working environment, service quality provisions in these two banks are expected different. As competition increases, comparative service quality study is becoming

significant. Thus, this study will intend to assess banks' service quality and customer satisfaction between CBE and AIB s.co in terms of customer's perspective.

Quality is increasingly being seen as a key strategic differentiator within the financial services sector, with most major players undertaking some form of quality initiative (Zeithaml *et. al.*, 1996 Zeithaml & Bitner, 2003). Service quality in banking implies consistently anticipating and satisfying the needs and expectations of customers. However, evaluating service quality sometimes is not an easy task due to the intangible nature of services. Even though, customer satisfaction is a feeling which is differed from person to person, by that, the present study initiated to find out that to assess customer expectations and perceptions of service quality in the banking industry using five SERVQUAL dimensions consisted of 22 statements across public (CBE) and private banks (AIB S.Co) in Addis Ababa.

1.3 Research questions

In order to fulfill the above objectives, the researcher tries to analyze and evaluate the following questions using customer's perceptions and expectations.

- ✚ What expectation and perception customers do have on CBE and AIB S.Co service quality?
- ✚ What is the level of customer perception for the service provided by Commercial Bank of Ethiopia and Awash International Bank s.co to their existing customers'?
- ✚ Are there any relationship between tangibility, reliability, responsiveness, assurance and empathy and customer satisfaction between CBE and AIB S.Co?
- ✚ What is the overall customer satisfaction in each banking understudy?

1.4 Objectives of the study

1.4.1 General objectives

The main objective of this research was to assess and compare the perception of service quality levels and customer satisfaction between public and private banks as perceived by customers of the two banks.

1.4.2 Specific objectives

1. To assess customers expectation, perception and gap analysis towards service quality of CBE and AIB S.co in five dimensions: tangibility, reliability, responsiveness, assurance, and empathy
2. To compare the perception of service quality provided by Commercial Bank of Ethiopia and Awash International Bank S.co to their existing customers’.
3. To assess the relationship between tangibility, reliability, responsiveness, assurance, empathy and customer satisfaction provided by the banks understudy.
4. To evaluate the overall customer satisfaction in each banking understudy.

1.5 Hypothesis

H1: There is significant relationship between service quality dimensions and customer satisfaction in CBE and AIB S.co in terms of tangibility dimension of service quality.

H2: There is significant relationship between service quality dimensions and customer satisfaction in CBE and AIB S.co in terms of reliability service quality dimension.

H3: There is significant relationship between service quality dimensions and customer satisfaction in CBE and AIB S.co in terms of responsiveness service quality dimension.

H4: There is significant relationship between service quality dimensions and customer satisfaction in CBE and AIB S.co in terms of Assurance service quality dimension.

H5: There is significant relationship between service quality dimensions and customer satisfaction in CBE and AIB S.co in terms of Assurance service quality dimension.

1.6 Definition of terms

SERVQUAL: is an instrument for measuring service quality, in terms of the discrepancy between customers’ expectation regarding service offered and the perception of the service received; respondents are required to answer questions about both their expectation and their perception (Parasurman et al 1988).

SERVPERF: is an instrument for measuring service quality by asking only perceptions of the consumer (Cronion and Teller, 192).

Service quality: means the difference between the customer's expectation of service and their perceived service (Parasurman et al 1988).

Customer expectations: are the standards or reference points for performance against which service experiences are compared and are often formulated in term of what a customer believes should or will happen (Zeithaml and Bitner, 2003).

Customer perception: Is an opinion about something viewed and assessed which means the outlook of customer's pleasure / displeasure in relation to the performance of the bank in satisfying / dissatisfying customers during service encounter (Zekri, 2011).

1.7 Significance of the Research

From this study, Commercial Bank of Ethiopia and Awash International Bank S.co as well as other banks will benefited by identifying the service quality which provides high customer satisfaction, the service provider will enhance its competitive position in the banking sector and it becomes profitable. In addition to this, it helps for future researchers who have willingness as a reference to conduct a comprehensive study related to this study. The result of this research also helps for the management of the two banks to better understand what these dimensions mean to the customers and what customers expect and perceive to be quality, and helps to revise, redesign or continue its service operations and tailor them to meet the perceptions and expectations' of their customers.

Furthermore, this study contributes to the already existing studies examining service quality and customer satisfaction in banking industry in general using the SERVQUAL model and also provides empirical results that could guide management dealing with bank activities to take corrective actions that lead to growth in the banking industry.

1.8 Scope of the study

This study focuses on banks service quality and overall customer satisfaction: a comparative study between Commercial Bank of Ethiopia and Awash International Bank s.co which is geographically limited to Addis Ababa city. The conceptual scope of this study was the SERVQUAL model which is used to asses customer expectation and their perception towards service quality delivered by the selected banks. Even though there are five different gaps which show the weaknesses of the company in fulfilling customer needs, this study is

delimited to gap five which is the difference between customer expectation and their perception and single statement was used to evaluate the overall customer satisfaction.

Furthermore this study was limited to saving account holders who have above or equal to the 18 years old in three selected branches from each bank in terms of customer's perspectives of service quality levels and customer satisfaction.

1.9 Limitation of the study

In the course of this research, the researcher encountered a lot of problems such as; getting accessing information from respondents' of the bank was difficult. Some respondents were unwilling to help the researcher to give information for the purpose of the research especially those customers of Awash International Bank s.co and there were financial and time constraints.

The researcher focuses on three branches of each from selected banks (total six branches) in the city. As a result, the findings of this study may not generalize for all customers of the banks in different regions of the country. Non-probability; convenience sampling technique was applied in the selection of bank customers thus; it has its own limitations.

1.10 Organization of the Study

This research report comprises of five chapters. Chapter one consists of introduction that including background of the study, statement of the problem, objectives, research questions, hypothesis, significance of the study, definition of terms, limitations and scope of the study. Chapter two consists of Review of Related Literature, Chapter Three Research Design and Methodology. This chapter includes description of the study area, research design and strategy, method of data collection, sampling design, data collection instruments and method of data analysis.

Chapter four shows data analysis and interpretation and Chapter five which is the last chapter consisting of summary of the major findings, conclusions and recommendations drawn based on the conclusions of the study.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

An effort has been made to review relevant literature. This chapter demonstrates a theoretical frame work which consists of definition about service, characteristics of service, service quality, customer expectation, factors affecting customer expectation, customer perception, customer satisfaction, determinants of customer satisfaction, relationship between service quality and customer satisfaction, SERVQUAL, Determinants of SERVQUAL, and SERVPERF. At the end, review of empirical research and conceptual framework was discussed.

2.1 Theoretical frame Work

2.1.1 Service

Service industries are playing an increasingly important role in the overall economies of the countries of developed and developing countries. The 21st century is considered to be as the service industry (Angelova and Zekiri, 2011) different authors' give different definitions regarding the concepts of service.

A service is any activity or benefit that one party can offer to another which is essentially intangible and does not result in the ownership of anything. The advance economies of the world are now dominated by services and virtually all companies view services as critical to retaining their customers today and in the future. Even manufacturing companies that, in the past, have depend on their physical goods for their existence but now their come to see and recognize that service provides one of their few sustainable competitive advantages (Zeithaml & Bitner, 2003).

Kotler and Armstrong (2006) defined: Service is any act or benefit that one party can provide to another that is fundamentally intangible or untouched and does not affect the ownership of anything. Its production can or cannot be tied to a physical product. While Grönroos (1990) Service is any activities and takes place in interaction between the client and services, products or systems of the service provider which are offered as solutions to solve problems for customers.

On the other hand Love Lock (2003) defined Service is an act or performance that creates benefits for customers by bringing about a desired change in or on behalf of the recipient.

2.2 The Nature of Service and Its Marketing Implication

Kotler and Keller, (2009) argued that there are four distinctive characteristics that greatly affect the design of marketing programs. These are:

2.2.1 Intangibility

Services are intangible, because they are performances rather than objects; most service cannot be counted, measured, inventoried, tested or verified in advance of delivery to ensure quality. The main implication of intangibility is that generally one cannot store a service, thus removing the final quality check commonly found in the manufacturing sector (Kotler and Keller, 2009).

2.2.2 Inseparability

Services are Inseparability which is meant that the production and consumption of services are not separate as they are in manufacturing. As a consequence, in the service industry, quality is not engineered into the product at the manufacturing plant and then delivered intact to the consumer. Rather, quality occurs during the delivery of the service, usually during the interaction between the client and the key contact person from the service provider. In these situations, the consumers' input becomes critical to the quality of the service performance. Indeed, in many service contexts, the customer wishes to participate in creating the service. The involvement of the customer in the production and delivery of the service means that the service provider must exercise care in what is being produced and how it is produced. Therefore, proper selection and training of customer contact personnel is necessary to ensure the delivery of quality (Kotler and Keller, 2009).

2.2.3 Variability

Services are not homogeneous and are less standardized and uniform. Heterogeneity reflects the potential for high variability in service delivery. The service provider and the customers have close interpersonal interactions and often the consumer plays a role in the production of services. The characteristic of heterogeneity relates to the inevitable, but can be minimized

variations in quality in the delivery of the service. Services are varying from producer to producer, from customer to customer and from day to day. This leads to difficulty to assess, compare and evaluating services. Because of the nature of service is variability, there is lack of standardization to evaluate the quality of service (Kotler and Keller, 2009).

2.2.4 Perishability

The characteristic of perishability refers to the inability to store services for use at a later date as services are time bound. Services marketers need to balance demand and supply in a way that maximizes profitability. Services cannot store and saved. In other words the unused service capacity at a certain time cannot be saved or stored for future need. In general, due to the above characteristics evaluating service quality is difficult. Perishability is not a problem when demand for a service is steady, but fluctuating demand can cause problems (Kotler and Keller, 2009)

2.3 Concept of Service Quality

Providing excellent service quality and high customer satisfaction is the important issue and challenge facing the contemporary service industry (Hung et al., 2003). Service quality is an important subject in both the public and private sectors, in business and service industries (Zahari et al., 2008). During the past two decades, service quality has become a major area of attention to practitioners, managers and researchers because of its strong impact on business performance, lower costs, return on investment, customer satisfaction, customer loyalty and gaining higher profit (Sureshchander et al., 2002; Seth and Deshmukh, 2005, Lohani, Bhatia, 2012).

The conceptualization of service quality has its roots in expectancy disconfirmation theory (Collier & Bienstock, 2006) and it was adopted by many researchers to conduct service quality determinants (Grönroos 1984; Parasuraman, Zeithaml & Berry 1985, 1988).

According to Douglas & Connor, 2003 and Parasuraman et al., 1985, the intangibility, inseparability, heterogeneity and perishability are the critical determinants influencing service quality perceived by a consumer. Defining and measuring service quality are not as easy as measuring product quality due the intangible nature of service. There are different factors such as length, depth, width, weight, and color which help assign product quality, but evaluating service quality might be more challenging due to the fact that services offered are

intangible (Jajae & Ahmad, 2012; Kotler and Keller, 2009; Zeithaml, Bitner 2003, Kotler and Armstrong, 2006).

Many researchers have been conducted their study on service quality using SERVQUAL model in different service sectors. Such as Hummayoun et al. 2009; Brahmbhatt, Panelia, 2011; Parasuraman *et al.* 1985,1988; Garima Malik 2012; WaqarulHaq, Bakhtiar Muhammad 2012; Arasli et al. 2005; Kumar, et al. 2010; Chinwuba and Egene, 2013) etc. Therefore, being in line with the service literature, this study looks into service quality as the standard of excellence toward fulfilling customers' requirements, which contributes toward achieving customers' ultimate satisfaction. This, in turn, entails organizations and firms to investigate, explore, and identify customers' requirements and to try to meet them in order to provide a high standard of service quality.

2.4 Customer expectation

2.4.1 Definition of customer expectation

Customer expectations are the standards or reference points for performance against which service experiences are compared and are often formulated in term of what a customer believes should or will happen. For example, when you visit an expensive restaurant, you expect a certain level of service, one that is considerably different from the level you would expect in a fast-food restaurant (Zeithaml, Bitner 2003).

Among the aspects of expectations that need to be explored and understood for successful service marketing are the following: what types of expectation standards do customers hold about? What factors most influence the formation of these expectations? What role do these factors play in changing expectations? How can Service Company meet or exceed customer expectations? (Zeithaml et al.2009). Customers buy goods and services to meet specific needs, and they evaluate the outcomes of their purchases based on what they expect to receive. Customer expectation revolves around their conviction about the products and services that they receive from the organization and company that serves them. This understanding is imperative for marketers because customers compare the performance or quality of the services received and determines these as the reference points when they experience and evaluate the service quality (Zeithaml et al., 2006).

Expectations play an important role in the satisfaction formation. The extent to which a product or service fulfills a customer's need and desire may play an important role in forming feelings of satisfaction because of the impact of confirmation or disconfirmation that have on satisfaction (Zekiri, Angelova, 2011). Grönroos (1982) suggested that the perceived quality of a given service is the result of an evaluation process since consumer makes comparison between the services they expect with perceptions of the services they receive. Hence, he concluded that the quality of service is dependent on two variables: expected service and perceived service.

2.4.2 Factors that Influence Customer Expectations of Service

According to Grönroos, 1982; Zeithaml et al. 2009), there are two factors that influence customer service expectations. These are desired service expectation and adequate service expectations.

Desired service expectation: reflects what customer wants, the expectation reflects the hopes and wishes of these consumers. And they are influenced by individual needs, lasting service intensifiers, explicit and implicit service promises, word-of-mouth communication and customer's past experiences (Zeithaml, et al. 2009).

2.4.2.1 Factors Influencing Desired Expectations

Personal needs: those states or conditions essential to the physical or psychological well-being of the customer are pivotal factors that we desire in service.

Transitory service intensifiers: consists of temporary, usually short term, individual factors that make a customer more aware of the need for service. Personal emergency situations in which service is urgently needed (such as accident and the need for automobile insurance) raise the level of adequate service expectation, particularly the level of responsiveness required and considered acceptable (Zeithaml, et al. 2009).

Explicit service promises: are personal and non personal statements about the service made by the organization to customers. The statements are personal when they are communicated by sales people or service personal. They are non personal when they come from advertising, brochures, and other written publications (Zeithaml, et al. 2009). Promising exactly what will ultimately be delivered would seem a logical and appropriate way to manage customer expectations and ensure that reality fits the promises.

All types of explicit service promises have a direct effect on desired service expectation. If a bank manager portrays a banking service as available 24 hours a day, the customers' desires for that service (as well as the service of competitors) will be shaped by this promise. Explicit service promises influences the level of both desired services and predicted services. They shape what customers desire in general as well as what they predict will happen in the next service encounter from a particular service provider or in a certain service encounter. (Zeithaml, et al. 2009)

Implicit service promises: are service related cues other than explicit promises that lead to inferences about what the service should and will be like. These quality cues are dominated by price and tangible associated with the service. In general, the higher the price and more impressive the tangibles, the more the customer will expect from the service. Consider a customer who stays at a posh hotel is likely to desire and predict a higher standard of service than from a hotel with less impressive facilities. (Zeithaml et al 2009).

Word of mouth communication: these are personal and sometimes non personal statements made by parties other than the organization convey to customers what the service will be like and influence both predicted and desired services. Word of mouth communication carries particular weight as an information source because it is perceived as unbiased. It tends to be very important in services that are difficult to evaluate before purchase and direct experience of them. Experts (including consumer reports, friends, family and internet forums are also word of mouth sources that can affect the level of desired and predicted services (Zeithaml, et al 2009).

Past experience: the customers past exposure to service that is relevant to the focal service is another force in shaping predictions and desires (Zeithaml, et al. 2009).

Adequate service expectations: adequate service expectation relates to the minimum level of service that customers are willing to accept. These expectations are influenced by temporary service intensifiers, perceived service alternatives, customers' self-perceived service roles and situational factors.

2.4.2.2 Factors Influencing Adequate Expectations

Temporary service intensifiers: these factors consist of short term, individual factors that make a customer more aware of the need for service. Personal emergency situations in which service is urgently needed (such as an accident and the need for automobile insurance or a

break down in office equipment during a busy period) raises the level of adequate service expectations, particularly in terms of the level of responsiveness required and considered acceptable. Problems with the initial service can also lead to heightened expectations. Performing a service right the first time is very important because customer's value service reliability above all dimensions (Zeithaml et al. 2009).

Perceived service alternatives: these are other providers from whom the customer can obtain service. If customers believe they have multiple service providers to choose from or if they can provide the service for themselves (such as lawn care or personal grooming), their level adequate service are higher than from those of customers who believe it is not possible to get better service elsewhere. For example, an airline customer who lives in a small town with a tiny airport has a reduced set of options in airline travel. In general service marketers must discover the alternatives that a customer views as comparable rather than those in the company's' competitive set (Zeithaml et al. 2009).

Customers' self perceived service role: This defines as customer perceptions of the degree to which customers exert an influence on the level of service they receive. In other words, customers' expectations are partly shaped by how well they believe they are performing their own roles in service delivery. One role of the customer is to specify the level of service expected. A customer who is a very explicit with a waiter about how rare he wants his steak cooked in a restaurant will probably be more dissatisfied if the meat comes to the table overcooked than a customer who does not articulate the degree of doneness expected (Zeithaml et al. 2009).

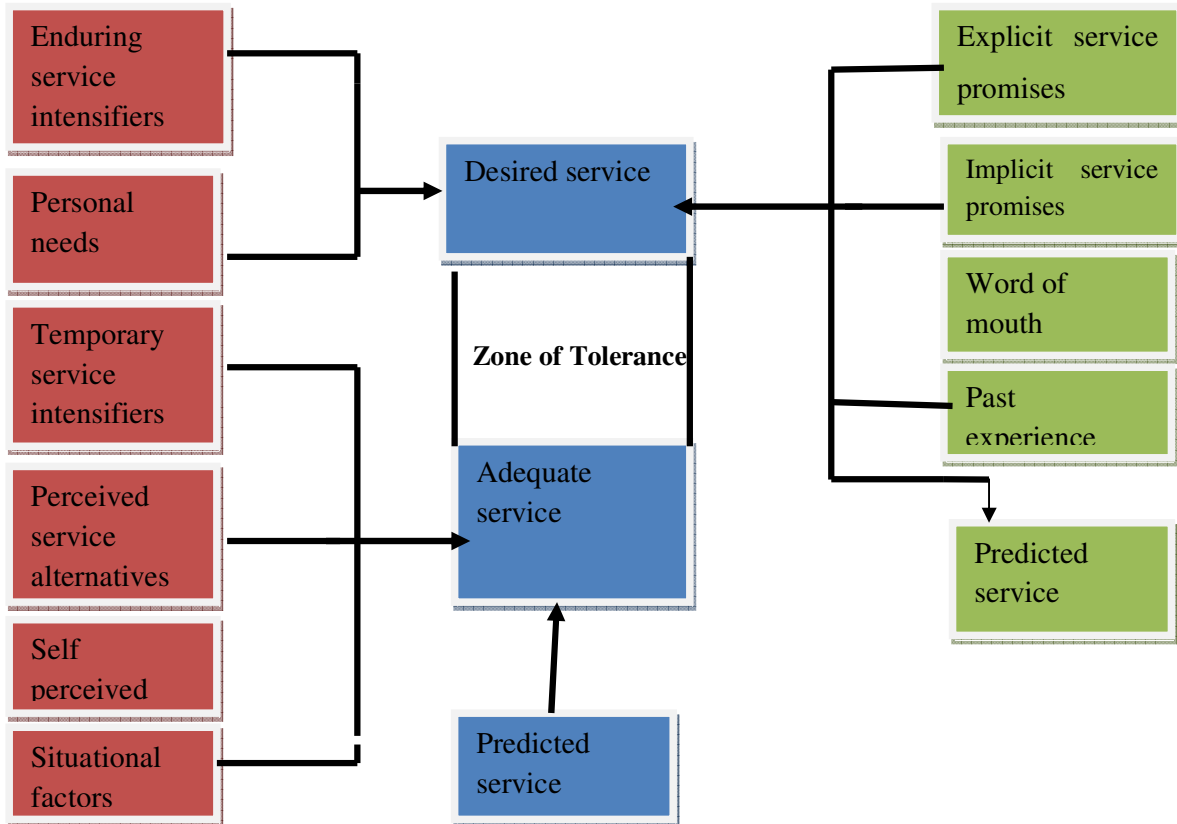
Situational factors: are service performance conditions that customers view as beyond the control of the service provider. For example, where personal emergencies such as serious automobile accidents would likely intensify customers' service expectations of insurance companies (because they are temporary service intensifiers), catastrophes that affect a large number of people at one time (tornadoes or earth quake) may lower service expectations because customers recognize that insurers are inundated with demands for their services. In general, situational factors temporarily lower the level of adequate service, widening the zone of tolerance (Zeithaml et al. 2009).

Predicted service: this is defined as the level of service the customers believe they are likely to get. This type of service expectation can be viewed as predictions made by customers about what is likely to happen during impending transaction or exchange. Predicted services

are typically an estimate or calculation of the service that a customer will receive in an individual transaction rather than in the overall relationship with a service provider (Zeithaml et al. 2009).

A **zone of tolerance** the zone of tolerance is the extent to which customers recognize and are willing to accept (Zeithaml, et al. 2009).

Fig 2.1: Factors that influence desired and predicted service



Source: Valarie A. Zeithaml, Marry Jo Bitner, and Dwayne D. Gremler (2009).

2.5 Customer Perception of Service Quality

According to Zekiri (2011) perception is an opinion about something viewed and assessed and it varies from customers to customers, as every customer has different beliefs towards certain services and products that play an important role in determining customer satisfaction. Customer satisfaction is determined by the customers' perceptions and expectations of the

quality of the products and services. In many cases, customer perception is subjective, but it provides some useful insights for organizations to develop their marketing strategies.

Providing high level of quality service has become the selling point to attract customer's attention and is the most important driver that leads to satisfaction. Therefore, customer perception and customer satisfaction are very closely linked together, because if the perceived service is close to customer's expectations it leads to satisfaction. Satisfied customers provide recommendations; maintain loyalty towards the company and customers in turn are more likely to pay price premiums (Zekiri, J. 2011).

Edvardsson (2005) pointed out that service quality perceptions are formed during the production, delivery and consumption process. The author concluded that customers' favorable and unfavorable experience, as well as their positive and negative emotions may have an important impact on perceived service quality.

As a result, this paper aims to determine service quality levels and customer satisfaction. Customer satisfaction is the state of mind that consumers have about a bank when their expectations have been met or exceeded over the life time of the service.

2.5.1 Methods of Measuring Service Quality

Measurements need to take account of different types of concepts and customers. Indeed, different measurement criteria are required for different concepts such as service quality, customer satisfaction, customer perceptions, expectations and loyalty. Assessment of these concepts will also entail the use of different measuring scales, and scope of opinions, attitudes and behavior.

Though there are different methods of measuring customer expectations and customer perceptions, for example, SERVQUAL, SERVPERF, Critical Incidents Technique, observation studies, focus group discussions and in-depth interviews and evaluate these methods in terms of their relevance and appropriateness for services marketing in different contexts (Gilmore, 2003), but most of the studies use SERVQUAL and SERVPERF.

2.5.2 SERVQUAL

SERVQUAL was created to measure service quality and is based on the view that the customer's assessment of service quality is paramount. It is operationalized in terms of the

relationship between expectations and outcomes. That is, SERVQUAL is based on measuring customer satisfaction in terms of the relationship between expectations (E) and outcomes (O). If the outcome (O) matches expectations (E), then the customer is satisfied. If expectations (E) exceeds the outcome (O), and then customer dissatisfaction is indicated. If the outcome (O) exceeds expectations (E), then customer 'delight' may be the result (Gilmore, 2003).

Service quality dimensions can be considered as determinants of service quality levels. In this regard, Parasuraman, et al (1985) pointed out that customers rely on a set of criteria or dimensions to evaluate and determine the service quality of any business. This is based on Gap 5 or customer gap. On the bases of information from 12 focus group interviews with consumers, Parasuraman et al (1985) concluded that consumers evaluated service quality by comparing expectations with perceptions on ten dimensions such as: Tangibles, Reliability, Responsiveness, Courtesy, Credibility, Security, Access, Communication, Knowing/Understanding the customer. Subsequently, these ten dimensions were collapsed into five dimensions, (Parasuraman et al., 1988).

2.5.3 Dimension of Service Quality

Reliability: *Delivering on promises*

Reliability is defined as the ability to perform the promised service dependably and accurately. In its broadest sense, reliability means that the company delivers on its promises about delivery, service provision, problem resolution and pricing. Customers want to do a business with companies that keep their promises, particularly, promises about core service attributes.

Responsiveness: *Being Willing to Help*

Parasuraman et al. (1985) defined Responsiveness is the willingness to help customers and to provide prompt service. This dimension emphasizes attentiveness and promptness in dealing with customer request, questions, complaints and problems. To perform well on the dimension of responsiveness, a company must be certain to view the process of service delivery and the handling of requests from the customers' point of view rather than the company's point of view. It is also involves understanding needs and wants of the customers, convenient operating hours, individual attention given by the staff, attention to problems and customers' safety in their transaction (Kumar *et al.*, 2009).

Assurance: *Inspiring and trust*

Assurance is defined as employees' knowledge and courtesy and the ability of the firm and its employees to inspire trust and confidence. Visible evidence of degrees, honors, and awards and special certifications may give a new customer confidence in a professional service provider.

Tangibility: *Representing the service physically*

Tangibles are defined as the appearance of physical facilities, equipment and communication materials. All of these provide physical representation or images of the service that customers' particularly new customers will use to evaluate service quality. Most companies combine tangibles with another dimension to create service quality strategy for the firm.

Empathy: *Treating customers individuals*

It is defined as the caring, individualized attention the firm provides for its customers. The essence of empathy is conveying through personalized or customized service, that customers are unique and special.

2.5.3.1 Criticisms of SERVQUAL

Fundamentally the problem of measuring expectations is used as a major criticism of the SERVQUAL scale. Some of the more specific issues that have been debated and critiqued by various researchers in service contexts are listed below (Gilmore, 2003)

The gaps model – some researchers say that there is little evidence that customers assess service quality in terms of performance and expectation gaps (Cronion and Taylor, 1992).

Process orientation – SERVQUAL focuses on the process of service delivery and not on the outcomes of the service encounter; therefore this limits the value of the mechanism.

Dimensionality – SERVQUAL five dimensions are not universal. The number of dimensions comprising SERVQUAL are contextualized and there is a high degree of inter correlation between the five dimensions.

Expectations – some researchers argue that measuring expectations is unnecessary. If they are to be measured, expectations and perceptions should be measured on a single scale.

Item composition – four or five items cannot capture the variability within each SERVQUAL dimension.

Moments of truth – customers assessments of SERVQUAL may vary from one service encounter (moment-of-truth) to another.

There are two administrations of the SERVQUAL scale – two administrations of the instrument cause respondent boredom and frustration amongst respondents.

Scale points – the seven-point Likert scale is flawed. The mid-range numbers can only be vaguely related to varying degrees of opinions and many respondents may rate these differently.

Polarity – the reversed polarity of items on the scale causes respondent error. In the SERVQUAL instrument some items are reversed to ensure that respondents do not fall into the habit of marking the same scale point for each question; however this can cause confusion.

2.5.4 SERVPERF

Cronin and Taylor, 1992; 1994, cited by Gilmore, (2003) conducted on measuring service quality attempted to offer an alternative to SERVQUAL. The development of the SERVPERF model aimed to provide an alternative method of measuring perceived service quality and the significance of the relationships between service quality, customer satisfaction and purchase intentions. In investigating these concepts and the interrelationships between them they argued that:

- A performance-based measure of service quality may be an improved means of measuring the service quality construct.
- Service quality is an antecedent of customer satisfaction.
- Consumer satisfaction has a significant effect on purchase intentions and Service quality has less effect on purchase intentions than consumer satisfaction.

As a result they presented a performance-based measurement, SERVPERF, which is composed of 22 items defined in SERVQUAL scale, and exclude any consideration of expectation. The SERVPERF scale was also simpler to manage as it required only one administration and so avoided the difficulties of measuring both expectations and perceptions. However, Parasuraman, et al. (1994) criticized the SERVPERF they revealed that though the practice of measuring only perception was widespread, such a practice did not necessarily mean performance based measure was superior to discontinuation- based measures.

2.6 Service Quality Gaps

SERVQUAL or gap analysis was developed by Parasuraman et al (1985, 1988) which is most commonly used to measure service quality. SERVQUAL is the multi- item scale developed to assess customer perceptions of service quality in a service and retail businesses (Parasuraman et. al 1988).

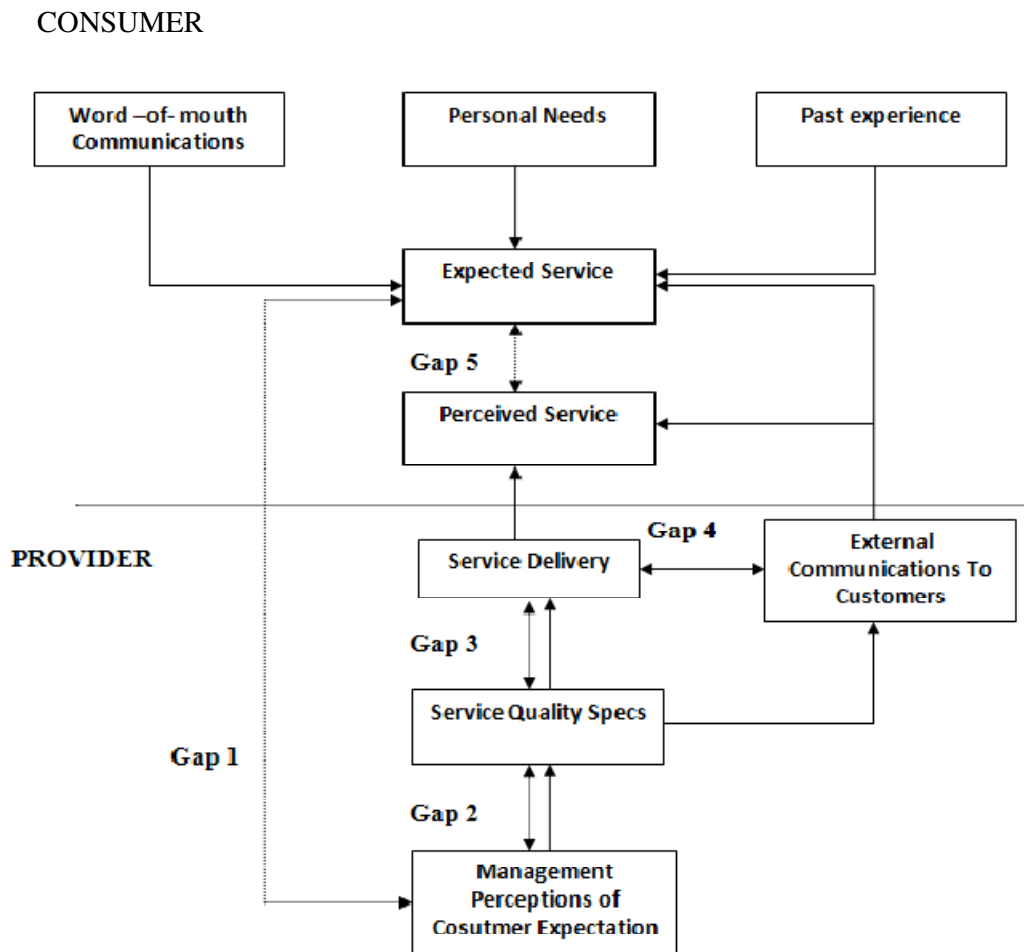


Fig 2.2 Theoretical model of service quality adopted from Parasuraman, et al 1985.

It is hypothesized that gaps one through four cause gap five. With reference to figure 2.1, this model demonstrates how service quality emerges. The upper part of the model includes phenomena related to the customer, while the lower part shows phenomena related to the service provider. The expected service is a function of the customers' past experiences and personal needs and word-of-mouth communication. It is also influenced by the market

communication activities of the organization. The service experienced, which, in this model, is called perceived service, on the other hand, is the outcome of a series of internal decisions and activities.

In the SERVQUAL model there are five different gaps which show the weaknesses of the company in fulfilling customer needs. Gap analysis is used to identify and correct gaps between the desired level of the customers and the actual level of performance provided by the organizations.

Gap 1: The first gap is about the difference between actual customers' expectation and the idea of the management team about customers' expectations. i.e. not knowing what consumers expect. The reasons for the gaps may be: due to Lack of marketing orientation, the organizations are not able to provide their customers a clear view of the services they are going to provide, it may be due to inadequate information from the company to the customers and the structure of the organizations which includes too many levels of management. In order to reduce the first gap of the model, the organizations should enhance the research activities so that they can observe and recognize the customers' needs and wants. In the larger organizations having more level of management, the management should be able to make sure that there are enough opportunities for upward communication.

Gap 2: This gap is about the wrong service quality standards provided by the organizations. i.e. improper service-quality standards. In other words, it explains the inconsistency of quality specifications with supplier's perceptions of the quality expectation of the customers. The reason for this gap is: Insufficient dedication towards the service quality, planning in the organizations may be poor and also it may be lacking goal- setting. This problem is also associated with the first gap of the model. It can also be possible that the management has the sufficient information about customers' expectations, but the planning may still fail. The management of the organizations should be in good contact with the service provider when making plans so that the plans that they make can be smoothly implemented.

Gap 3: This gap is about the uncertain role and role conflict. It also means that the quality services are not met by employing unskilled or wrong person in the organization. They should be well trained and highly skilled for the jobs. The reason of the existence of the gap could be: Lack of technology and perceived control. Lack of team work also affects the service of the organization; the improvements can be made through changing the control systems to be more uniform by training the staffs and good team work. In many cases, even

the skills and attitudes of the staffs cause problems. As there could be the people who cannot adapt the requirements of the systems, it is necessary to make the improvement in the recruiting procedures.

Gap4: This gap in the model illustrates the inconsistency of the promises of the delivered service to the customers. A gap may be formed if the marketing and production are not managed in a proper way. Mostly the customers are influenced by what they hear and see about the company. Therefore, the people will go for it rather than choosing other organizations hoping to get the quality service. But sometime the company cannot fulfill all the requirements of the customers which are mentioned in the campaigns. This could be another reason for widening the gaps. For the improvement, there should be implementation external marketing communication campaigns with service production and service delivery. Over promising should also be avoided in order to narrow the gap. If this gap is not taken into consideration, then it can lead to negative customer perception.

Gap 5: This gap shows the difference between the customers' expectation and their perceptions of the delivered service. Customers expect certain kind of services from the certain companies. Customers' expectations are influenced by personal needs, word of mouth recommendation and experience of past services. This gap in the companies can bring negative influences on the image of the company.

According to this model, the service quality is a function of perception and expectation and can be modeled as:

$$SQ = \sum_{j=1}^K (P_{ij} - E_{ij}) \text{ where:}$$

SQ = overall service quality; K= number of attributes

P_{ij} Performance perception of stimulus i with respect to attribute j.

E_{ij} Service quality expectation for attribute j that is the relevant norm for stimulus i.

2.7 Customer satisfaction

According to Kendall (2006), a customer is defined as those customers who buy goods and/or services provided by companies it can be internal or external to the organization and are the foundation of any business. In other words, a customer is a stakeholder of an organization who provides payment in exchange for the offer provided to him by the organization with the aim of fulfilling a need and to maximize satisfaction. Customer satisfaction is described as the full =meeting of one's expectations.

2.7.1 Definitions of customer satisfaction

S.Sivesan (2012), Customer satisfaction is the feeling or attitude of a customer towards a product or service after it has been used. Customer satisfaction is defined as an overall emotional response to an entire service experience for a specific service encounter after purchasing consumption (Oliver, 1997). Hansemark and Albinson (2004) also defined as an overall customer attitude towards a service provider, or an emotional reaction to the difference between what customers anticipate and what they receive, regarding the fulfillment of some needs, goals or desire. In general, satisfaction is a person's feelings of pleasure or disappointment that result from comparing a product's perceived performance (or outcome) to expectations. If the performance falls short of expectations, the customer is dissatisfied. If performance matches expectations, the customer is satisfied; if it exceeds expectations, the customer is highly satisfied or delighted.

Khalid et al (2011) pointed out that customer satisfaction and retention are critical factors for retail banks, and they investigated that the major determinants of customer satisfaction. Such as service quality, service features, situational factors and customer compliant handling. And they also suggested that, if customers perceive that they are obtaining additional benefits from their relationship with employees of the sector their satisfaction level with the service provider will increase.

Customer satisfaction is actually a term most widely used in the business and commerce industry. It is a business term explaining about a measurement of the kind of products and services provided by a company to meet its customer's expectation. To some, this may be seen as the company's key performance indicator (KPI). In a competitive marketplace where businesses compete for customers, customer satisfaction is seen as a key differentiator and increasingly has become a key element of business strategy (Munusamy et al., 2010 and Chinwuba, Egene, 2013). Consumer satisfaction is the most efficient and least expensive source of market communication because consumers who are satisfied with a product or service will be more likely to disseminate their favorable experience to others (Omar et al. 2009).

The goal for every company should be to make its customers satisfied. Satisfied customers will come again and might stay as customers for a longer period of time. It is clear that if the company can make the customer satisfied, the customer will come back again and the customers might also tell to some of their friends about the good service they got. So through

satisfied customers it is possible to save in marketing expenses. The services provided to customer will reflect the bank's image. Research has shown a higher percentile of customers who retain certain bank services because of the good services provided. In other words, one of the factors that boost the market shares is by improving the quality of the provided services (Razak, et al.2013).

Satisfaction can also be a person's feelings of pleasure or disappointment that results from comparing a product's perceived performance or outcome with their expectations (Kotler& Keller, 2009). As a matter of fact, satisfaction could be the pleasure derived by someone from the consumption of goods or services offered by another person or group of people; or it can be the state of being happy with a situation.

Byambaa and Chang (2012), Customer satisfaction is defined by how satisfied with product/services. Thus satisfaction is extremely important to marketers of product and services because a satisfied customer has a positive purchase intention such as a repurchase, positive word-of-mouth and loyalty in the long term. Naser, et al, (1999) point out that, customer satisfaction is often related to factors such as service quality and service features (such as, convenience, competitiveness, and location of service provider).

2.7.2 Determinants of Customer Satisfaction

Customer satisfaction is influenced by specific product or service features and by perceptions of quality. Satisfaction is also influenced by customer's emotional responses, their attributions and their perceptions of equity (Zethaml and Bitner, 2003).

Product and service features: customer satisfaction with a product or service is influenced significantly by the customer's evaluation of a product or service features.

Consumer emotion: Customer's emotion can also affect their perceptions of satisfaction with products and services. These emotions can be stable, preexisting emotions. For example, when some is at a very happy stage in his/ her life, and happy mood and positive frame of mind have influenced how they feel about the services they experiences. Alternatively, when you are in bad mood your negative feelings may carry over in to how you respond to services, causing you to overreact or respond negatively to any little problem (Zethaml and Bitner, 2003).

Attributions for service success or failure: the perceived causes of events influence perceptions of satisfaction. When they have been surprised by an outcome either the service is much better or much worth than expected, consumers tend to look for the reasons, and their assessments of the reasons can influence their satisfaction (Zethaml and Bitner, 2003).

Perceptions of Equity or Fairness: Customers ask themselves: have I been treated fairly compared with other customers? Did other customers get better treatment, better prices, or better quality services? Did I pay a fair price for the service? Notion of fairness are central to customers' perceptions of satisfaction with products/services.

Other consumers, family members, and coworkers: In addition to products and service features one's own individual feelings and beliefs, consumer satisfaction is often influenced by other people. For example, satisfaction with family vacation trip is a dynamic phenomenon, influenced by the reactions and expressions of individual family members over the duration of the vacation. Latter, what family members express in terms of satisfaction or dissatisfaction with the trip will be influenced by stories that are retold among the family and selective memories of the events (Zethaml and Bitner, 2003).

2.8 The Relationship between Service Quality and Customer Satisfaction

Though service quality and customer satisfaction seem to be similar, many have questioned if they are identical. In fact, some empirical studies show that the two constructs are conceptually distinct. The idea of relationship between service quality and customer satisfactions has existed for a long period of time. Both constructs have positive impact on repurchase intention and a favorable word of mouth communications. Satisfaction has a positive impact on post purchase behavior and service quality directly and indirectly exerts influence on repurchase intention through its influence on satisfaction (Hossain, 2012).

Studies suggest that there is a positive relationship between service quality and the satisfaction of customers (Omar, 2009). And other researchers suggested that there is a positive relationship between service quality, retention and future intention of customers (Ahmad et al., 2011; Jajae and Ahmad, 2012). Naeem and Saift (2009) found that customer satisfaction is the outcome of high service quality within the banking sector.

In marketing literature, Service Quality and Customer Satisfaction have been conceptualized as a distinct, but closely related constructs (Siddiqi, 2011). Parasuraman *et al* (1988) defined

service quality and customer satisfaction as “service quality is a global judgment, or attitude, relating to the superiority of the service, whereas satisfaction is related to a specific transaction”. Jamal and Naser (2003) stated that service quality is the antecedent of customer satisfaction. However, they found that there is no important relationship between customer satisfaction and tangible aspects of service environment.

2.9 Review of Empirical studies

According to a research conducted on “Comparative Evaluation of critical factors in delivering service quality of banks: An application of dominance analysis in modified SERVQUAL Model’ having an aim of to find the differences in the service quality (if any) between conventional and Islamic banks in different parts of Malaysia banks” (Kumar et al. 2010). They used an application of Dominance analysis in SERVQUAL model using modified SERVQUAL scale consists of five SERVQUAL dimensions and one additional dimension of SERVQUAL (i.e. convenience) with a total of 26 questions.

The data have been collected by using the structured questionnaire, from 308 bank customers of the two banks. They used factor analysis to reduce the dimensions in to four (tangibility, reliability, competence and convenience). The result shows that there is significant difference between the four dimensions; thus tangibility and reliability have the lowest gap in conventional banks compared with Islamic banks, which indicates that respondents’ perceptions are close to their expectations as a result they are satisfied. Whereas competence and convenience dimensions have the largest gap in Islamic banks’ compared with conventional banks; indicating that respondents of Islamic banks are not competent and convenience in operating their business.

Munusamy et al. (2010) conducted a study in Malaysia on service quality delivery and its impact on customer satisfaction in the banking sector. They found that assurances, tangibles, understanding and responsiveness are the most important factors that generate customers’ satisfaction and these factors have a positive relationship with customer satisfaction. Their finding also indicates that measuring the level of performance and satisfaction when it comes to the intangible expectations are the most difficult things for the customers.

Arasli et al. (2005) also measured service quality perceptions of Greek Cypriot bank customers and examined the relationship among service quality, customer satisfaction and positive word of mouth. The result indicating that the expectations of bank customers were

not met where the largest gap was obtained in the responsiveness-empathy dimension. Reliability items had the highest effect on customer satisfaction, which in turn had a statistically significant impact on the positive word of mouth. The study of Siddiqi (2011) investigated that the interrelationships between service quality attributes, customer satisfaction and customer loyalty in the retail banking sector in Bangladesh based on the survey method. The result shows that all the service quality attributes are positively related to customer satisfaction and customer satisfaction is positively related to customer loyalty in the retail banking settings in Bangladesh. Malik (2011) also studied Customer Satisfaction, Perceived Service Quality and Mediating Role of Perceived Value from four main service industries viz banking, transport, courier, and telecommunication with a total of 300 sample size. The results of the study indicated that, customer satisfaction is significantly related with perceived service quality and perceived value.

Jajae and Ahmad, (2012) were studied to measures service quality throughout the Australian car insurance industry by employing the SERVQUAL scale which is an accepted framework for measuring service quality. For data collection, an online questionnaire was distributed among 384 respondents who are residing in Melbourne, Australia and have car insurance contract with one of the 40 chosen insurance companies. With respect to the findings, service quality in the car insurance industry for investigated area is high. Moreover, the SERVQUAL scale is established for the Australian car insurance industry although was not confirmed in some ranges. The result indicates this scale relates better with service quality in advanced economy of Australia compared to the less advanced economy countries which was investigated in earlier studies. The possible reason for this difference is diversity in economic and culture but to generalize, therefore it needs more study in different economic level states and various industries.

Mohammad, A. and Alhamadani, S. (2011) measured service quality and customer satisfaction in Commercial Banks Working in Jordan to examine the level of service quality as perceived by customers of commercial bank and its effect on customer satisfaction, based on modified version of SERVQUAL as proposed by Parasuraman et al. (1988), which involve five dimensions of Service quality, namely Reliability, Responsiveness, Empathy, Assurance, and Tangibles. They used multiple regression analysis to test the impact of service quality on customer satisfaction. The results of this study indicated that service quality is an important antecedent of customer satisfaction which is consistent with the results

of (Zeithaml and Bitner, 1996; Zeithaml and Bitner, 2003) thus; the five dimensions of service quality have significant influence on customer satisfaction.

Santhiyavalli, (2011) was conducted a study on Customer's perception of service quality of State Bank of India - A Factor Analysis. The main purpose of the study was to evaluate the service quality of State Bank of India by identifying the major factors responsible for customer satisfaction by employing SERVQUAL model developed by Parasuraman et al (1988) by using 22 variables grouped under five dimensions, Tangibility, Reliability, Responsiveness, Assurance and Empathy using 7 points Lickert scale. The factor analysis clearly indicates that among five dimensions 'Reliability', 'Responsiveness', 'Empathy' and 'Tangibility' are the major factors responsible for customer satisfaction which stood at 90 percent regarding the services provided by State Bank of India.

Waqar ul Haq & Bakhtiar Muhammad (2012) conducted a study with the objective of comparing customer satisfaction between private and public banks in Pakistan. In their findings private bank customers were more satisfied with their bank because of their multiple branches at convenient locations and technology (like check deposit machines, utility bill accepting machines etc.) which were not even seen in public sector banks and in terms of customer care.

Saghier and Nathan (2013) these authors' were investigated the quality perception of bank customers in Egypt and the differences in relative importance they attach to the various quality dimensions using the SERVQUAL model. The finding of this research indicates that Customer Satisfaction in the Egyptian banking services is significantly affected by Reliability, Empathy, Assurance and Responsiveness, while the effect of the dimension of Tangibility does not have any significant impact on customer satisfaction. It also indicates that customers' perception is highest in the reliability area this result showed consistency with (Parasuraman et al., 1985, 1988) and lowest in the assurance area. Based on the finding, Assurance has positive and significant effect with Customer Satisfaction, Assurance is mean of being safe, the responses state that the customers feel assurance is being important as part of the service quality that should be included.

Responsiveness is the timely reaction towards the customers' needs. Responses to this research suggest that responsiveness has positive correlation and significant effect on customer satisfaction. This result shows that the banks' customers are prefer to deal with the

human being rather than machines. It is also, shows that Tangibility has relationship but no significant effect on customer satisfaction.

Bank services such as the infrastructure facilities are not important so this study concludes that tangibility is a need in providing quality service, but not a must. The results of the research suggest that there is a significant positive relationship between the empathy and customer satisfaction, so the customers prefer a face-to-face service by the banks. Reliability is about the accuracy and timeliness in the service provided. Responses to this research, Reliability has a significant relationship and a positive effect on customer satisfaction.

The questionnaire developed for this study was based on a SERVQUAL model that identified the influence of five dimensions (i.e. tangibility, responsibility, reliability, assurance and empathy) in banking service environments on customer satisfaction. The results indicate that the five SERVQUAL dimensions have a positive influence on customer satisfaction.

2.10 Conceptual Frame work of the Study

Although there are alternative models have been proposed for the measurement of service quality, SERVQUAL scale has been widely used by researchers and practitioners to measure service quality. Here the independent variables are the SERVQUAL dimensions: Tangibles, Responsiveness, Reliability, Assurance and Empathy and customer satisfaction is the dependent variable that the study measure with the independent variables. Therefore, this model has been used as a reference point for this study to develop hypothesis test.

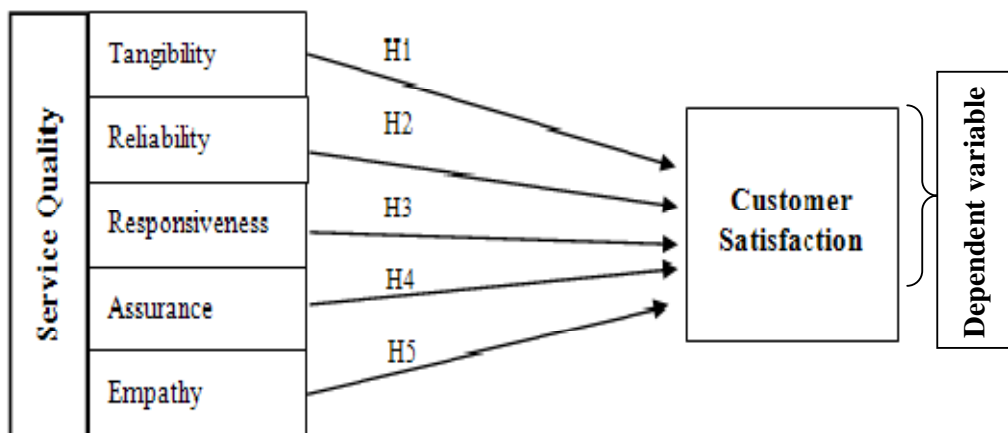


Figure 2.3: Conceptual Frame Work of the Study

Tangibility: In this study, tangibility is regarding the bank's modern looking equipment, visually appealing Physical facilities, neat and professionally groomed employees and visually appealing materials associated with the service (like brochures, or statements).

Reliability: Includes the ability to provide service safe and always promised level of performance, sincere interest in solving customer's problem, performs the service right the first time, providing service at the time they promise to do so and insist on error free records.

Responsiveness: In this study, responsiveness regarding to bank includes the time when the service is performed, willingness to assist customers, provide them with prompt service and never being too busy to respond customer's request.

Assurance: The ability to inspire Knowledge and courtesy of employees and their ability to in inspire safe and confidence.

Empathy: consists of statements relating to ease of contact and communication with the client, the ability of understanding customers specific need, convenient operating hours to all customers, customer's best interest at heart and treat with due attention to each client.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

This chapter deals how the research will be conducted to achieve the objectives of the study. It consists of description of the study area, research design and strategy, method of data collection, sampling design, data collection instrument and Method of Data Analysis is presented.

3 Description of the Study Area

3.1 Commercial Bank of Ethiopia

Commercial Bank of Ethiopia (CBE) was legally established in 1963 as a share company to take over the commercial activities of the state bank which was founded in 1942 with twin objectives: performing the duties of commercial and central banking. With this CBE were started its operation on January 1, 1964 with a capital of Eth. Birr 20 million. (www.combanketh.et). Commercial bank of Ethiopia is noted as the first bank which introduced modern banking in the country. (www.combank).

The state owned Commercial Bank of Ethiopia with a vision to become a world class bank by the year 2025 currently dominates the market in terms of Asset, capital, deposits, customer base and its branch coverage. According to the annual report as of June 30th 2013 (www.combank.com), CBE has a total asset of 158,112.3 billion birr with more than 18,000 employees.

Apart from this, the bank plays a major role in directing Ethiopia's economy towards development and progress and its branches that gives full operation banking service reached 780 all over the country, of these 126 branches of the bank is found in Addis Ababa as January 6/2014(www.combanketh.et).

MISSION

Commercial bank of Ethiopia is committed to realizing the needs of stakeholders through enhanced financial intermediation globally, and supporting national development priorities by deploying highly motivated, skilled and disciplined employees as well as state- of- the- art

technology. CBE strongly believe that winning the public confidence is the basis of the successes.

VALUES:

Corporate citizenship: CBE cares about the welfare of the society and the environment.

Customer satisfaction: CBE strives to excel in our business and satisfy customers.

Quality service: CBE are committed to offering quality service to customers and aspire to be branded as quality service providers in the minds of customers and the general public in general.

Innovation: CBE encourages new ideas that can improve customers' experiences and the performance of the bank.

Employees: is recognizing their employees as valuable organizational resources.

Public confidence: CBE understand that the sustainability of their business depends on their ability to maintain and buildup public confidence.

3.2 Awash International Bank

Awash international Bank (AIB) was established as the first private commercial bank (post 1991) on November 10, 1994 by 486 founder shareholders with a paid up capital of Birr 24.2 million and started banking operations on February 13, 1995. Over a period of years, the earnings per share, the number of branches and types of service provided by the bank increased (www.awashbank.com).

According to the annual report of 2012/13, total income of the bank showed significant improvement, jumping from Birr 927.5 million in 2010/11 to Birr 1.1 billion in 2011/12 and further to Birr 1.4 billion in 2012/13 largely driven by increases in interest income and commissions and service charges. As well as a total asset of the bank had expanded markedly to birr 17.8 billion, up by 35.5 percent from birr 13.1 billion a year ago. The increase in the asset size of the bank was largely associated with significant increase in loans and advances and purchase of NBE Bills. The bank had more than 120 branches all around Ethiopia, of this, 71 branches are located in Addis Ababa with 4011 employees in all branches of the bank.

Vision

‘To be strongest and most preferred bank of the people’

Mission

'To provide modern, efficient, competitive, diversified and profitable banking service at domestic and international banking levels, to a continuously growing number of customers in a socially responsible manner''

Core values

'Dynamism, Professionalism, Excellence, Integrity, Accountability, Impartibility, Team spirit, Social responsiveness'

3.3 Research Design and Strategy

The study employed a descriptive research design and specifically a survey questionnaire. Because it seeks the opinions of customers regarding their satisfaction and service quality levels in the banking sectors, specifically between CBE and AIB S.Co in Addis Ababa City.

The researcher preferred quantitative research strategy because firstly, the research involves the measurement of service quality and customer satisfaction in banking and this requires that a considerable percentage of a population (a large number of participants) be involved; Secondly, the literature evidently supports the conclusion that the appropriate strategy for understanding and measuring service quality in banking is quantitative approach using a survey questionnaire (Jabnoun and Al-Tamimi, 2003; Guo, Duff and Hair, 2008; Arasli, Katircioglu and Mehtap-Smadi, 2005; Bahia and Nantel, 2000; Petridou, *et al.*, 2007; Glaveli *et al.*, 2006; Spathis, Petridou and Glaveli, 2004 as cited by elmayar in 2011; Munusamy et al, 2010).

The above argument therefore justifies for this study to adopt a quantitative research strategy through survey questionnaire to investigate banking service quality in CBE and AIB S.Co in Addis Ababa city. The adoption of the survey design, in this study, was to gather information that was not available from document records and make conclusions about the determinants of service quality that affect service quality and to prioritize the SERVQUAL dimensions in each service sector based on perceptions and expectations of the respondents.

3.4 Methods of Data Collection

The task of data collection begins after a research problem has been defined and research design/ plan chalked out. For this study both primary data and secondary data was used.

3.4.1 Primary Data

Primary data was collected using self administered questionnaire. For this study the researcher was used descriptive research method which was collected through survey method by using SERVQUAL instrument. The primary purpose of this study was to assess customer expectations and perceptions and identifying gaps between their perceptions and expectations and assessing the overall customer satisfaction towards the selected banks.

The respondents were used a five point Likert Scale simply to rate their agreement or disagreement to a particular statement to make it easier for themselves and to develop their own idea concerning the questionnaire.

3.4.2 Secondary Data

Secondary data means data that has been already collected for some purpose other than the problem at hand. The researcher used secondary data such as books, articles, journals, and website and annual reports of the banks and previous researches in order to obtain some reliable literature and empirical findings that can be applied in order to have a better understanding the service quality construct and how the SERVQUAL model can be used to measure it and it helps to support the primary data analysis.

3.5 Sampling Design

3.5.1 Population

A population can be defined as all people or items (unit of analysis) with the characteristics that one wishes to study. The unit of analysis may be a person, individuals, Organization, country, object, or any other entity that you wish to draw scientific inferences about. The population in this research consists of customers of CBE and AIB S.Co found in Addis Ababa. However, it is not feasible and also necessary to include all branches in this study.

As January 6/2014 and June 2012/13 annual report, CBE have 126 branches and AIB S.Co have 71 branches in Addis Ababa. Out of these branches, the researcher selected three branches from each bank which include Finnfinne, Sengatera and Megenagna branches from CBE and Finnfinne, Mehal Arada and Arat killo from AIB S.Co. The selection of these branches was because they made high transaction and they have high customer contact (MIS

department of the two banks) and due to time and financial constraints, these branches was chosen conveniently to the researcher's home and the university.

For the purpose of this study, the target population was selected those who have saving account holders because the researcher believed that those customers were made high contact with the banks' comparing to other customers and thus leads to evaluate the service quality easily which have got a minimum of 1 year service experience within the selected banks with age limitation ≥ 18 years old.

The reason why the researcher chooses banking industry to collect data from, because it is a sector where there is a high customer contact. Among these CBE and AIB S.Co is chosen because both of them have a large number of branches comparing to another banks and also AIB s.co is the first private banks in Ethiopia. And the researcher was selected each branch deliberately. Choosing Addis Ababa as a target research area is, due to the fact that the two banks have a number of branches here in Addis Ababa. In addition to this, the city is convenient to the researcher.

3.5.2 Sampling Technique

The sampling technique used for this study was convenience- non- random selection method. Because a non-probability sampling method is advantageous than probability sampling methods, primarily due to the large population that potentially will be involved, the need for undertaking a survey that covers a large geographical area and the limitations in the timing of conducting the survey and costs. Furthermore, convenience sampling method is used in order to solicit willing respondents in filling the questionnaire or when population elements are selected for inclusion in the sample method based on the ease of access (Kothari, 2004).

However, probability sampling requires the availability of satisfactory population lists, (e.g. sample frames), and it usually includes considerable costs of time and money (Saunders, Lewis and Thornhill, 2007 as Elmayer, cited in 2011; Welman & Kruger, 2005). This does not affect the results as non-probability samples can still be used effectively in similar research for example (Arasli, 2005; Santhiyavalli, 2011; s.sivesan, 2012; Saghier, N., Nathan, D. 2013; Hassan, M et al. 2013).

3.5.3 Sample Size

Sample size refers to the number of items to be selected from the universe to constitute a sample. Determining sample size is a very important issue because samples that are too large may waste a lot of time, resource and money, while samples that are too small may lead to inaccurate results (Kothari, 2004). Since the number of customers' having current saving accounts in these banks are enormous, the researcher employed convenience sampling technique in order to draw the sample from each branch.

Sample size is selected based on the Table for sample size determination given by <http://research-advisors.com> which is based on a 5% margin error and 95% confidence level which states that if the number of population under study were more than 100,000, then it is sufficient to draw 384 as sample size. Since the number of customers who have saving account holders were 206,040 (see Table 4.1) which is more than the stated criteria, the total sample size was 384, which was distributed disproportionately to the number of customers in each branch.

3.6 Data collection Instrument

In order to gather firsthand information, the researcher was collected data from the customers having saving account in Commercial Bank of Ethiopia and Awash International Bank s.co by distributed survey questionnaires and collected personally by going to the branches of the bank to complete their feelings of respondents at the time of receiving services from the banks together with a letter of consent acknowledging confidentiality. The researcher waited inside the bank in order to collect the completed questionnaires.

3.6.1 Questionnaire Structure

To measure service quality levels, the researcher was used structured close ended questions using modified five dimensions of SERVQUAL which was developed by parasurman et al (1988). Such type of questionnaire would be used because of their appropriateness to obtain relevant information, opinions, and attitudes from large population within a short period of time.

The questionnaires of the data were took place from the modified five dimensions of SERVQUAL which was developed by parasurman et al (1988). And latter it was translated

in to Amharic language with the help of the researcher's advisor and Statements that had been used in the previous similar studies. These translated Statements were taken in to consideration and used in this study. The questionnaires were organized into three sections as follows: The first section of the questionnaires was asked respondents to obtain their personal background, such as questions regarding their gender, age, occupation, and level of income, experience with the bank. The second part of the questionnaire presents customer's perception and expectation of service quality based on the SERVQUAL model which consists of 22 different statements developed by Parasuraman et al., 1988. Those statements are also divided into five different dimensions (tangibles, reliability, assurance, responsiveness and empathy).

Moreover, the study also made use of the Likert Scale in which the respondents were simply to rate their agreement or disagreement to a particular statement. The final section of the questionnaire was to analyze questionnaires concerning overall customer satisfaction from the selected banks using Five-point Likert scale where 1 stands for "Strongly Disagree", 2 stands for "Disagree", 3 stands for "Neutral", 4 stands for "Agree" and 5 stands for "Strongly Agree".

3.7 Method of Data Analysis

The researcher was analyzed the data to assess service quality deficiencies on individual attributes and on the five SERVQUAL dimensions as well as to compute gap scores between CBE and AIB S.Co. Each alternative answer is given a score and the score for expectations and perception was summarized. Then the difference between expectations and perceptions was counted and a judgment about the service quality is given.

The method of analysis was descriptive statistics which refers to a set of concepts and methods used in organizing, summarizing, tabulating, describing and collecting of data. Descriptive research studies are those studies which are concerned with describing the characteristics of a particular individual or group. It provides a picture of what happened in the study (Kothari, 2004).

Descriptive analysis in this study was including Percentage method, frequency and mean. So, to analyze the data that was gathered through questionnaire, the researcher was used tabulation, pie-chart and bar chart to present data numerically and analyze by using SPSS software package 20 version. After doing so, the analyzed data was interpreted quantitatively.

The reason for this choice of presentations graphs is because the data is categorical by nature and bar and pie charts are the main graphical presentational tools for such nature of data.

Moreover to test the hypothesis regarding the relationship between service quality dimensions (tangibility, reliability, responsiveness, assurance and empathy), and customer satisfaction, Bivariate Pearson correlation was used. In addition to this, to test whether there is a significant difference between the mean of customer perception on service quality and their expectations provided by CBE and AIB S.Co on the five dimensions of service quality paired sample t- test was used. In this study, a critical alpha level of 0.05 was used. The probability of 0.05 or less is considered to be a significant difference between the mean customer perception on CBE and Customers' perception on AIB S.Co service quality dimensions (tangibility, reliability, responsiveness, assurance and empathy).

CHAPTER FOUR

RESULTS AND DISCUSSION

This chapter includes Results and discussions. Under this topic, reliability test, customer perception, expectation and gap analysis in CBE and AIB s.co, comparing mean perception and expectation between the two banks, assessment of overall customer satisfaction and hypothesis testing. The statistical analysis has been entered into a program SPSS version 20 and analyzed using descriptive and inferential statistical techniques.

4.1 Response Rate

Table 4.1 Distribution of sample size and response rate of questionnaires administered

Name of the bank	No. of saving account holders	Disproportion al Allocation of Samples in (%)	Sample size (n=192 each)	Correctly filed & returned	Not correctly filled	Not returned
Finnfinne branch*	55,583	38	73	66	5	2
Megenagna branch*	51,064	34	65	59	4	2
Sengatera branch*	41,372	28	54	52	1	1
Total	148,019	100	192	177	10	5
Finnfinne branch	6456	11	21	19	0	2
Mehal arada branch	20836	36	69	51	10	8
Arat killo branch	30729	53	102	80	15	7
Total	58,021	100	192	150	25	17

Source: researcher's survey finding, 2014,

***Commercial Bank of Ethiopia**

A total of 384 questionnaires were distributed for six selected branches of customers of the two banks. Of these, one hundred ninety two questionnaires were disproportionately distributed to each bank (Commercial Bank of Ethiopia and Awash International Bank s.co). The three selected study area of Commercial Bank of Ethiopia was Finnfinne, Megenagna and Sengatera branches. Out of 192 questionnaires, 187 were returned but for this analysis 177 respondents' responses were fit for analysis. i.e. 92.2% of the total distributed questionnaires were used for analysis. While from respondents' of Awash International Bank s.co, 150 respondents' response were returned from the selected branches of the bank (Finnfinne, Mehal Arada and Arat Killo) which gives a response rate of 78.13%. Thus, the total response rate of this research was 85.15% which is sufficient for further analysis.

4.2 Demographic Profile of Respondents' at CBE and AIB s.co

Table 4.2: Demographic Profile of Respondents' at Commercial Bank of Ethiopia and Awash international Bank s.co

Demographic variables	Item	Frequency(CBE)	Percentage (CBE)	Frequency (AIB S.Co)	Percentage (AIB S.Co)
Gender	Male	120	67.8	105	70.0
	Female	57	32.2	45	30.0
	Total	177	100.0	150	100.0
Age	18-25	47	26.6	36	24.0
	26-33	65	36.7	58	38.7
	34-41	33	18.6	34	22.7
	42-50	19	10.7	14	9.3
	≥51	13	7.3	8	5.3
	Total	177	100.0	150	100.0
	elementary school	10	5.6	8	5.3

Educational level	completed				
	secondary school certificate	15	8.5	19	12.7
	diploma holders	31	17.5	48	32.0
	degree holders	97	54.8	62	41.3
	masters & above	24	13.6	13	8.7
	Total	177	100.0	150	100.0
Respondents occupation	Student	10	5.6	6	4.0
	private employee	35	19.8	45	30.0
	public employee	101	57.1	29	19.3
	self employee	31	17.5	70	46.7
	Total	177	100.0	150	100.0
Respondents monthly Income	1000 or less	18	10	10	6.7
	1001-3000	65	37	47	31.3
	3001-5000	57	32	36	24.0
	≥5001	37	21	57	38.0
	Total	177	100.0	150	100.0
Respondents	1-3 years	54	30.5	31	20.7

experience with the bank	4-6 years	73	41.2	65	43.3
	7-9 years	41	23.2	41	27.3
	10 and above years	9	5.1	13	8.7
	Total	177	100.0	150	100.0

Source: researcher's survey finding, 2014.

Table 4.2 shows the distribution of respondents by gender. Accordingly, 120 (67.8%) were male respondents and the rest 57(32.2%) were female respondents in Commercial Bank of Ethiopia. This indicates majority of the respondents for this study were male respondents with age group of between 26-33 years old which shows a percentage of 36.7% (65) respondents. The second largest respondents fall in the age group between 18-25 years old having a percentage of 26 % (47) respondents followed between the age group of 33-41, 42-50 and 51 and above years old with a percentage of 18.6%,10.3% and 7.3% or frequency of (33, 19, 13) respondents respectively. This indicates majority of respondents were young customers and fall in the productive age.

In addition to this, 101 (57.1%) respondents were public employees followed by private employees 35(19.8%). The rest were self employee and students' which accounts 31 and 10(19.8% and 5.6%) respectively. This indicates majority of the respondents of this study were public employees. Based on Educational Level shown in the Table below, the main respondent in this research were degree holders consists of 97(54.8%), diploma holders 31(17.5%), masters and above 24(13.6%), followed by high school certificate 15(8.5%) and elementary school completed 10(5.6%). This indicates customers of CBE have the knowledge to evaluate their perception and expectation evaluates the banks service provision.

37.3% of respondents' have monthly income Birr 1001 to 3000, 31.6 % between Birr 3001 to5000 while 21.5% earned 5001 and above and the rest 9.6% earned 1000 or less. This indicates that majority of the respondents of this study earned monthly income in the medium range.

As it shown from the Table below, majority of the respondents in CBE were customers who have an experience of 4-6 years which accounts for 41.2% (73) of the total respondents,

followed by those customers who have an experience of between 1-3 years with a percentage of 30.5%(54). The rest 23.2% (41) and 5.1% (9) were covered by the respondents of having 7-9 and 10 and above years experiences respectively. From this we can say that, respondents in this study have sufficient knowledge and experience to evaluate the service quality provided by the bank.

Table 4.2 also illustrates the demographic profile of respondents of AIB S.Co. As can be seen, male respondents make up 70% (105) and female respondents were constitutes 30% (45). Respondents of the 26- 33 age group covered the highest percentage of 38.7% (58) followed by 18-25 age group composed of 24% (36). The rest 22.7 % (34) 9.3% (14) and 5.3% (8) were fall with age of 34-41; 42-50 and ≥ 51 years old respectively. This implies majority of respondents for AIB S.Co were male respondents and fall in young age group.

In terms of educational level, the respondents profiles were, 41.3 % (62) were degree holders; 32% (48) diploma holders; customers with secondary school certificate constitute 12% (19), while customers with masters and above composed of 8.7% (13) and elementary school completed 5.3% (8). The respondents occupation shown in table 5, self employees has the highest number of respondents which accounts for 46.7% (70), followed by private employees 30% (45), public employees 19.3% (29) and the rest 4 % (6) respondents were students. From this we can say that, respondents in this study have sufficient knowledge and experience to evaluate the service quality provided by the bank and deployed in their own business activities.

In terms of respondents' monthly income, majority of the respondents have monthly income of between the income levels of >5000 birr ; 38% (57), followed by 1001-3000 birr which accounts 31.3% (47), 3001-5000 birr; 24% (36) and ≤ 1000 birr accounts 6.7% (10). The other demographic profile of respondents was based on experience with the bank. Based on the data shown in table 5, majority of the respondents have an experience of between 4-6 years; 43.3 % (65), followed by between the range of 7-9; 27.3 % (41) 1-3; 20.7 % (31) and ≥ 10 years 8.3(13).

4.3 Reliability Test

In order to prove the internal reliability of the model used, the researcher has performed Cronbach's Alpha test of Reliability. Reliability measurement is established by testing for

both consistency and stability. Cronbach’s Alpha is a reliability coefficient that indicates how the items in a set correlated positively to one other. The closer Alpha value is to 1, the higher the internal consistency reliability and the coefficient alpha value 0.7 and above is acceptable and internally consistent and reliable (Razak et al 2013). The results of Cronbach coefficients (alpha) for perception and expectation items for CBE were fall in the range between 0.918 to .988 and 0.971 to 983 respectively and .979 to .988 and .978 to 987 for AIB respectively. This is above the limit point (0.7). Therefore these attributes were internally consistence and reliable for this study.

Table 4.3 Reliability Test

Service quality Dimensions	No. of items	CBE		AIB S.Co	
		Perception	Expectation	Perception	Expectation
Tangibility	4	0.918	.980	0.979	.978
Reliability	5	0.988	.983	0.986	.982
Responsiveness	4	0.985	.981	0.985	.987
Assurance	4	0.979	.971	0.986	.981
Empathy	5	0.985	.983	0.988	.987

Source: researchers survey findings, 2014

4.4 Service quality analysis at Commercial Bank of Ethiopia

4.4.1 Perception, Expectation and gap score at CBE

To assess the level of service quality, for this study, the modified SERVQUAL scale was used which consists of a survey of 22 service quality attributes with five dimensions (Tangibility, Reliability, Responsiveness, Assurance and Empathy). The SERVQUAL gap score is calculated by deducting customers’ expectation from what the customer actual perceived service and the average mean of each dimension was calculated by average

perception of each dimension minus average score of expectation. The purpose of calculating gap analysis was to explore the difference between the level of expected importance and the actual performance service of the bank relating to the five service quality dimensions. It is also describes a gap for each dimension.

Moreover, as in the Table 4.4 clearly describes, the entire five SERVQUAL dimension have a negative service quality gap rating from -0.01 (tangibility) to -0.32(Responsiveness) which means all statements in the expectation column is higher than statements in the perception column. The mean value shows the average of all customers' response on a certain dimension. The results of customer perception, expectation and gap score at CBE is presented in each dimension and individual attribute here under.

4.4.1.1 Customer perception, expectation and gap score on Tangibility Dimension

This dimension includes Modern-looking equipment, visually appealing physical facilities, Neat appearance of staff (employees) and visually appealing materials associated with the service. The customers' response shows that an average expectation in this dimension is at mean of 3.69 where as their average perception for this dimension is at a mean of 3.64 which indicates a difference of -0.01 reflects that customers' perception were very close to their expectation.

To look at an individual attribute the highest gap score is Modern-looking equipment -0.03, visually appealing physical facilities -0.02 and visually appealing materials associated with the service-0.02 and Neat appearance of staff (employees) -0.01, (see Table 4.4 and Fig 4.1). According to the mean analysis, the overall expectation is exceeded than the actual perceived service provided by the bank.

Even though the gap between perception and expectation were low, there was still a negative gap score. As a result customers do not think their requirements are fulfilled or meet. All attributes of this dimension have a negative score (see Table 4.4). From this, one can infer that customer expectation of service quality related to this dimension is exceeded than from what the actual perceived service quality.

4.4.1.2 Customer Perception, Expectation and gap analysis on Reliability Dimension

According to Parasuraman (1988) this dimension includes the consistency of performance and dependability, keeping promises, showing a sincere interest in solving problems, giving right service the first time, providing the service at the time the company promises to do so and trying to keep an error-free record. The customers' response shows that an average expectation of service quality is at a mean of 3.92 while their average perception is at a mean of 3.61. The difference is calculated to -0.31.

With regard to this dimension the highest gap score was observed on the item of 'Sincere interest in solving customers' problems' -0.4 followed by 'providing the services as promised' -0.39, 'The staff insist on error-free records' with a gap score -0.35. Statements with 'performing the service right the first time' and 'providing its service at the time it promises to do so' have gap scores of -0.34 and -0.19 respectively.

This shows that the bank's performance was rated good with regard to providing its service at the time it promises to do so and performing the service right the first time'. And its weakest performance was observed with regard to its ability to show a sincere interest in solving customers' problems and providing the services as promised'. Therefore, customers 'do not believe their overall expectations are fulfilled by this dimension.

4.4.1.3 Customer Perception, Expectation and gap analysis on Responsiveness Dimension

This dimension includes telling exactly when services are to be performed, giving prompt service to the customer, employees' willingness to help the customers and the employees are never too busy to respond to customers' requests. The overall customer expectation for this dimension has an average mean of 3.75 while their average mean of perception is 3.43 its difference was calculated to -0.32.

When we look at specifically with the attribute of 'giving prompt service to their customer' has a gap score of -0.36 showing that the bank does not provide a service promptly as the customer expected. Followed by the item of 'the willingness of employees to help their customer' has scored -0.33; 'Never too busy to respond to customers' request with a quality gap of -0.31 and 'telling exactly when services are to be performed for their customers' has a gap

score of -0.27 (see Table 4.4 and Fig 4.1) which indicates employees of the bank are not willing to help their customers and does not provide a service as they expected. From this we can say that customers of the bank do not think that their overall expectations are fulfilled within this dimension.

4.4.1.4 Customer perception, expectation and gap analysis on Assurance Dimension

This dimension is about the behavior and ability of the employees to instill confidence, secure transactions, courtesy of the employees and the knowledge of the employees to answer questions of the customer.

As depicted in Table 4.4 and Fig 4.1, the customers response shows that, average expectations in this dimension is at mean of 3.93 whereas the overall perception for this dimension is at a mean of 3.72 indicating a difference of -0.21; more specifically each attribute has the following gap, 'employees in the bank instills confidence to their customers' -0.28; 'feel safe in transaction-0.16', 'courtesy of the employees -0.15' and 'knowledge of employees to answer customers question -0.23' which indicates customers think from an excellent bank about employees to instill confidence, secure transactions, courtesy of the employees and the knowledge of the employees to answer questions of the customer.

But the actual service provided by the bank does not fulfill their expectations about the behavior and ability of the employees to instill confidence, secure transactions, courtesy of the employees and the knowledge of the employees to answer questions rose from the customer.

4.4.1.5 Customer Perception, Expectation and gap analysis on Empathy Dimension

This dimension has an average expectation score of 3.71 whereas their average perception is 3.4 this indicates a difference of -0.31 (see Table 4.4 and Fig 4.1). To look at the individual gap attribute of this dimension the 'ability to communicate effectively with customer' has a gap score of -0.32, 'understanding of specific needs of the customer' has a gap score of -0.34 which indicates there is less understanding of customer needs, convenient operating hours to all their customers (-0.23), The employees have their customer's best interest at heart (-0.32) and showing personal attention to individual has a gap score of -0.33.

The analysis shows that all the attributes of this dimension has a negative score which means all customers of CBE do not think that their expectations were meet with the actual perceived service quality provided by the bank related to this dimension. Here the bank did not give personal attention to individual customer and there is less understanding of customer needs.

The findings (Table 4.4 and fig 4.1) illustrate that the customers' have higher expectations than perceptions, which lead to the gap between expected service and perceived service. The service quality gap explains the difference between what the user expected to receive from the service and what they believe they actually received. This is significant because, when the perceived service falls short of the customer's expectations, they are found to be disappointed and dissatisfied.

Table 4.4: Perception, Expectation and service quality Gap at CBE

Dimensi on	Attributes	Mean perception	Mean expectation	SERV QUA L Gap	Sig. (2-tailed)
Tangibility	Modern-looking equipment	3.49	3.52	-0.03	.194
	visually appealing physical facilities	3.43	3.45	-0.02	
	Neat appearance of staff (employees)	4.03	4.04	-0.01	
	Materials associated with the service are visually appealing	3.76	3.74	-0.02	
		3.68	3.69	-0.01	
Reliability	The staff can provide you the services as promised	3.41	3.8	-0.39	.000
	Sincere interest in solving customers' problems	3.41	3.81	-0.4	
	The staff performs the service right the first time.	4.09	4.3	-0.34	

	The bank provides its service at the time it promises to do so.	3.50	3.69	-0.19	
	The staff insist on error free records	3.64	3.98	-0.35	
	Average score of dimension	3.61	3.92	-0.31	
Responsiveness	Employees of the bank tells you exactly when services be performed	3.51	3.78	-0.27	.000
	Employees of the bank give you prompt service	3.46	3.82	-0.36	
	Employees of the bank are always willing to help you	3.57	3.90	-0.33	.000
	Employees of the bank are never being too busy to respond your requests	3.19	3.50	-0.31	
	Average score of dimension	3.43	3.75	-0.32	
Assurance	The behavior of employees in the bank instills confidence in customers	3.59	3.87	-0.28	.000
	The staff makes you feel safe in transaction	4.00	4.16	-0.16	
	employees of the bank are consistently courteous with customer	3.49	3.64	-0.15	
	Employees of the bank have the knowledge to answer your questions	3.80	4.03	-0.23	
	Average score of dimension	3.72	3.93	-0.21	
Empathy	The employees are able to communicate effectively with you.	3.48	3.80	-0.32	.000
	The employees of The bank understands your specific needs	3.37	3.71	-0.34	
	The bank have operating hours convenient to	3.73	3.96	-0.23	

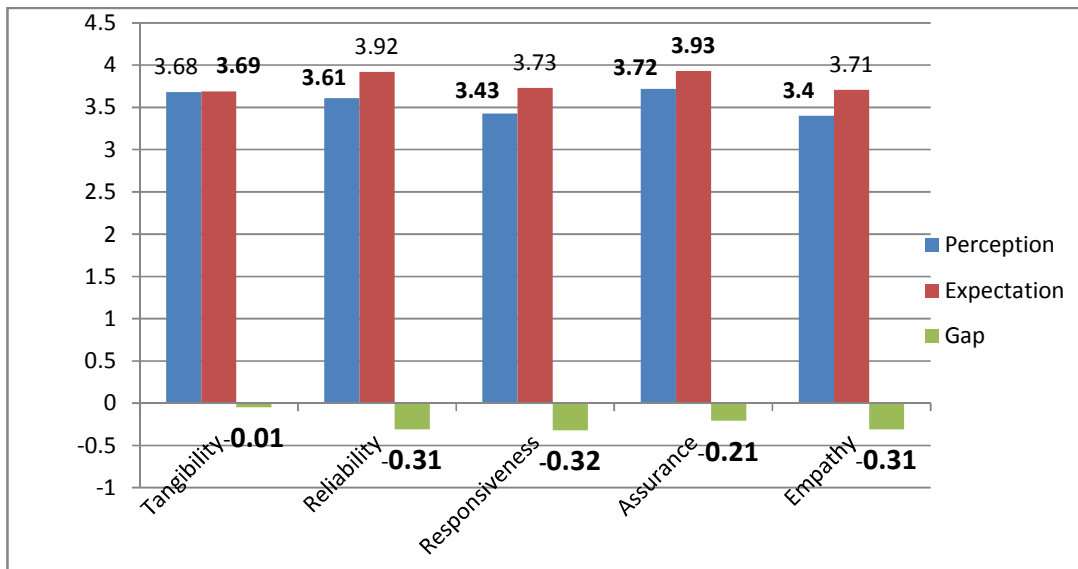
all their customers			
The employees have their customer's best interest at heart.	3.27	3.59	-0.32
The staff shows personal attention to you	3.16	3.49	-0.33
Average score of dimension	3.4	3.71	-0.31

Source: researcher's survey finding, 2014.

Significant difference $p < 0.01$

Notes: positive scores score indicates performance exceeds than expectation; negative score shows performance is less than expectation where as a score of 0 indicates performance is equal to expectation.

Fig 4.1 Mean scores of perceptions, Expectations and gap analysis on SERVQUAL dimensions in CBE.



Source: researcher's survey finding, 2014

4.5 Overall customer Satisfaction at CBE

From the objectives of this study, assessing the overall customer satisfaction is among others. To achieve this objective, the respondents were asked to rate their agreement or disagreement

for the statement of 'I am satisfied with the overall service quality provided by the bank'. Accordingly, the table below illustrates that, 13.6% (24) respondents were strongly disagree with the statement, where as 45.2% (80) respondents were disagree, and 16.4% (29) respondents responded that moderate which means the banks service provision was satisfactory. 18.6% (33) and 6.2% (11) respondents responses were agree and strongly agree with statement respectively. To sum up, the majority of respondents were not agreed with the overall customer satisfaction. Thus, from the total respondents' majority of respondents were not satisfied with the service provider.

Table 4.5:over all satisfaction at CBE

	Frequen cy	Percen t	Valid Percent	Cumulativ e Percent
strongly disagree	24	13.6	13.6	13.6
Disagree	80	45.2	45.2	58.8
Valid Moderate	29	16.4	16.4	75.1
Agree	33	18.6	18.6	93.8
strongly agree	11	6.2	6.2	100.0
Total	177	100.0	100.0	

Source: researcher's survey finding, 2014

4.6 Service Quality Analysis at Awash International Bank s.co

4.6.1 Customer Perception, Expectation and gap analysis at Awash International Bank share co.

Table 4.6, depicts the respondents' response towards their expectation and perception relating to service quality at AIB S Co. and also shows mean of an individual service quality attribute, average score of the five dimensions of service quality as well as service quality gap which is calculated by perception minus expectation (P-E). Based on the analysis the average score of perception and expectation as well as their difference is presented as follows.

4.6.1.2 Customer Perception, Expectation and gap analysis on Tangibility Dimension

This dimension involves modern looking equipment, appearance of physical facilities, materials associated with the service and neat appearance of employees. The average score of expectation for this dimension is 3.732 while, the average perception score is reached to 3.6 with a difference of -0.13. When we look at an individual attribute of gap analysis for this dimension, visually appealing physical facilities has a gap score of -0.19, Modern-looking equipment -0.14, Neat appearance of staff -0.11 and visually appealing materials associated to the service has scored a gap of -0.06.

This implies customers expect from an excellent bank to have modern looking equipment, good appearance of physical facilities, materials associated with the service and neat appearance of employees. These help customers' to assess and select bank service. Since the result indicates negative value which implies customers of the bank expected more in tangibility dimension but the actual service delivery of the bank does not meet customers' requirements. As a result of this, customers of the bank may disappoint.

4.6.1.3 Customer Perception, Expectation and gap analysis on Reliability Dimension

According to the result revealed in the Table 4.6, the average expectation and average perception of this dimension is 3.82 and 3.64 respectively. This indicates that there is a gap between what the customer expected from the bank and the actual service received. This difference is calculated to -0.18. To look at the individual gap score, 'providing the services as promised has a gap score of -0.21', 'Sincere interest in solving customers' problems - 0.13', 'performs the service right the first time -0.23', followed by 'providing the service at the time it promises to do so-0.19' and 'The staff insists on error free records have a gap score of -0.11. This result revealed that customers' of AIB S.Co does not meet the desired level of service provision from the bank. Hence, customer dissatisfaction was occurred.

4.6.1.4 Customer Perception, Expectation and gap analysis on Responsiveness Dimension

Responsiveness dimension measures the willingness of employees to help customer, to provide prompt service, telling the exact time when the service will be provided. As the result revealed in Table 4.6, the average customer mean expectation and average mean perception for this dimension is 3.75 and 3.44 respectively and its difference is calculated to -0.31. To look at the gap in individual attribute of this dimension, 'willingness of employees to help customer has the highest gap score which is -0.33', followed by 'telling you exactly when services will be performed with a gap of -0.21', never being too busy to respond customers' requests -0.16 and the lowest gap score was occurred for the statement of 'giving you prompt service at -0.1.

To conclude that, the mean gap of Responsiveness obtained from perception minus expectation is high. Hence, employees of the bank lacks willingness to help their customer, not providing prompt service, not telling exactly when the service will be performed and customers expect their request to be solved quickly and perfectly. Therefore, banks need to work a lot so as to beat the competition and survive in the market place and to satisfy their customer.

4.6.1.5 Customer Perception, Expectation and gap analysis on Assurance Dimension

Like the other dimensions of service quality, assurance dimension has scored a negative gap. The expectation section (Table 4.6) shows that on the Assurance dimension the mean expectation of the respondents is 3.93 and the perception on the same dimension proved to be 3.79. This means that there is a gap of -0.14 between the perceived and expected service quality on the reliability dimension.

When we look at the individual statement in this dimension, the highest gap score was obtained from the statement of 'knowledge of employees to answer customers' question' has scored a gap of -0.17, followed by the 'behavior of employees making confidence to the customers' and customers feel safe in transaction has scored a gap of -0.13 each, and the least gap was scored the statement of employees of the bank are consistently Courteous which has a gap score - 0.11. From the result one can understand that, there is a little bit lack of knowledge of employees

to answer customers' question, lack of self belief in employee's behavior, as a result the respondents are not satisfied with the service that they received.

4.6.1.6 Customer Perception, Expectation and gap analysis on Empathy Dimension

Empathy is the provision of caring, individualized attention to customers. In such a sense every service receiver need to feel special. The analysis of the answers (Table 4.6) shows that, there is a gap between perception and the expectation on the empathy dimension. The expectation and perception mean score is 3.73 and 3.56 respectively, thus the gap score that occurred was -0.17.

The Table also shows an individual gap item which scored the highest gap for the statement of 'the staff shows personal attention to their customer' with a gap of -0.27. The second highest gap was obtained from 'employees have their customer's best interest at heart' has a gap of -0.19 followed by understanding of customers' specific needs, convenient operating hours to all customers and the ability to communicate effectively with customers has scored a gap of -0.17, -0.14 and -0.07 respectively. This gap revealed that there is a gap in giving individual attention and caring to the customer in the bank at the time of service provision.

Table 4.6 Perception, Expectation and Gap score for each SERVQUAL Dimension at AIB s.co

Dimensio n	Attributes	Mean percept ion	Mean expec tatio n	SER VQ UA L Gap	Sig. (2- taile d)
Tangibilit y	Modern-looking equipment	3.45	3.59	-0.14	.000
	visually appealing physical facilities	3.40	3.59	-0.19	
	Neat appearance of staff (employees)	3.98	4.09	-0.11	
	Materials associated with the service are visually appealing	3.57	3.63	-0.06	

	Average score of dimension	3.6	3.73	-0.13	
Reliability	The staff can provide you the services as promised	3.46	3.67	-0.21	.000
	Sincere interest in solving customers' problems	3.66	3.79	-0.13	
	The staff performs the service right the first time.	3.84	4.07	-0.23	
	The bank provides its service at the time it promises to do so.	3.39	3.58	-0.19	
	The staff insist on error free records	3.87	3.98	-0.11	
	Average score of dimension	3.64	3.82	-0.18	
Responsiveness	Employees of the bank tells you exactly when services be performed	3.36	3.57	-0.21	.000
	Employees of the bank give you prompt service	3.33	3.43	-0.1	
	Employees of the bank are always willing to help you	3.77	4.01	-0.33	
	Employees of the bank are never being too busy to respond your requests	3.45	3.61	-0.16	
	Average score of dimension	3.44	3.75	-0.31	
Assurance	The behavior of employees in the bank instills confidence in customers	3.67	3.80	-0.13	.000
	The staff makes you feel safe in transaction	3.92	4.05	-0.13	
	employees of the bank consistently Courteous with customers	3.74	3.85	-0.11	
	Employees of the bank have the knowledge to answer your questions	3.83	4.0	-0.17	

	Average score of dimension	3.79	3.93	-0.14	
Empathy	The employees are able to communicate effectively with you.	3.37	3.44	-0.07	.000
	The employees of The bank understands your specific needs	3.62	3.79	-0.17	
	The bank have operating hours convenient to all their customers	3.73	3.87	-0.14	
	The employees have their customer's best interest at heart.	3.59	3.78	-0.19	
	The staff shows personal attention to you	3.51	3.78	-0.27	
	Average score of dimension	3.56	3.73	-0.17	

Significant difference, $p < 0.01$: Source: researcher's survey finding, 2014

Fig 4.2 means scores of perceptions, expectations and gap analysis in AIB s.co

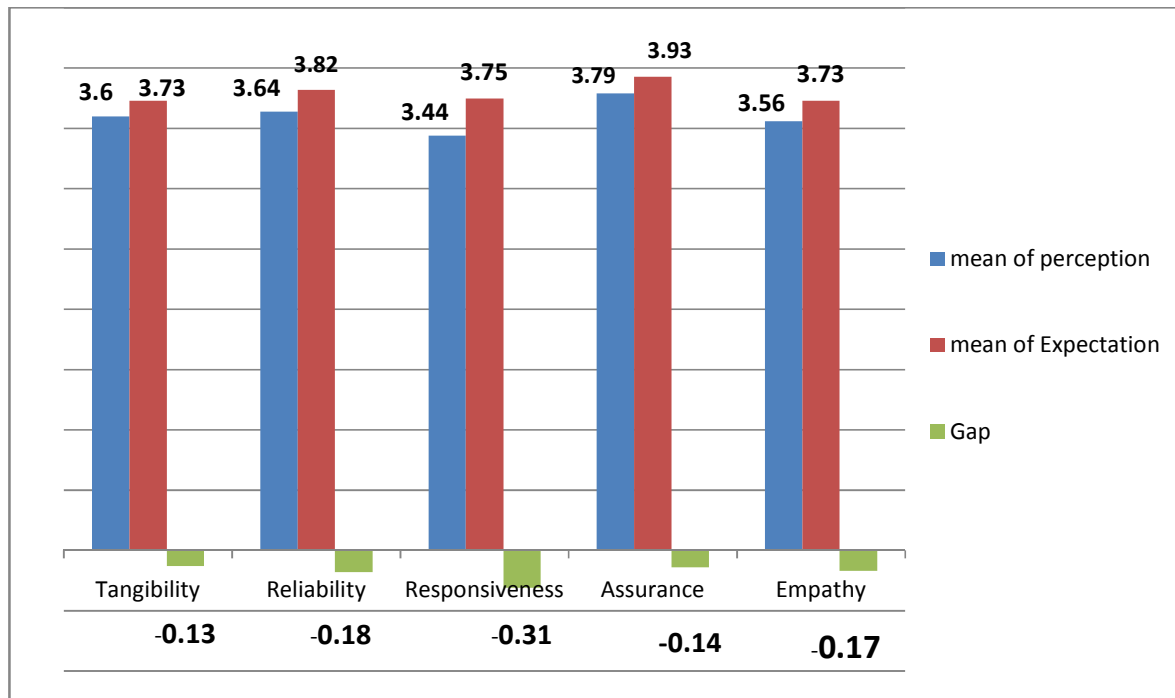
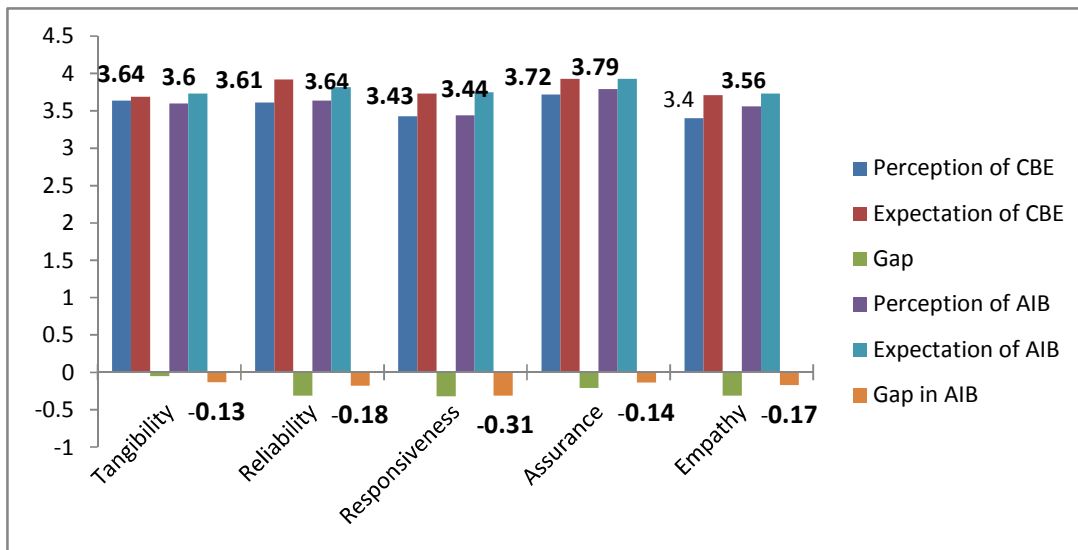


Fig 4.3 Comparison of mean perception –Expectation and gap analysis between CBE and AIB s.co



**significant $P < 0.01$;

Source: SPSS and data analysis out put

4.7 Paired Samples T-Test

One of the objectives of this study was to compare whether there exist a difference in customers’ perception of service quality provided by Commercial Bank of Ethiopia and Awash International Bank s.co. Paired sample t- test helps to compare the means of two variables with in a group. Therefore, the result of paired sample t-test of the two banks was calculated as in the Table below.

Table 4.7 Comparison of customers’ mean perception between CBE and AIB

Service quality dimensions	CBE mean	AIB mean	S.Co	Significance value
Tangibility	3.68	3.6		.000
Reliability	3.61	3.64		.000
Responsiveness	3.43	3.44		.000

Assurance	3.72	3.79	.000
Empathy	3.4	3.56	.000

Source: survey finding, 2014

Significant difference, $p < 0.01$

From the above Table we can infer that there is significant difference between expectation and perception of the service quality dimension provided by Commercial Bank of Ethiopia and Awash International Bank s.co indicating that, their level of service delivery were not similar for both expectation and perception between the two banks. Based on the perception mean analysis Awash International Bank s.co provides better service quality than Commercial Bank of Ethiopia.

4.8 Relationship between Perceived Service Quality Dimensions and Customer Satisfaction

4.8.1 Correlation Analysis

A correlation coefficient is a very useful means to summarize the relationship between two variables with a single number that falls between -1 and +1 (Field 2005 cited by Belay, 2012). A correlation analysis with Pearson's correlation coefficient (r) was conducted on all variables in this study to explore the relationships between variables. According to guidelines suggested by Field, (2005 cited by Belay, 2012), to interpret the strengths of relationships between variables, the correlation coefficient (r) is as follows: If the correlation coefficient is fall between 0.1 - 0.29 is weak; 0.3 to 0.49 is moderate; and > 0.5 is strong relationship between variables.

In this study, Bivarirate Pearson correlation were used to examine the relationship between customers' perception of service quality and overall customer satisfaction based on the five SERVQUAL dimensions in CBE and AIB S.Co using two-tailed test of statistical significance at the level of 95% confidence interval and significance, $p < 0.05$.

H1: there is significant relationship between Tangibility and overall customer satisfaction.

The output obtained from the SPSS indicates that, tangibility has significance and positively associated with the dependent variable (customers' overall satisfaction) value ($r=.869$, $p<0.01$) in CBE.

Moreover this is also applicable for AIB S.Co which has a positive and strong association with overall customer satisfaction which has a value ($r=.893$, $p<0.01$) but its degree of relationship was higher than that of Commercial Bank of Ethiopia. This revealed that customers' of the bank attracts physical facilities, modern equipment, physical appearance of employees and visually appealing materials are used to assess service quality and influenced their satisfaction.

Thus, when customers visit a bank, bank physical evidence are part of the service they buy and therefore, we may say that physical evidence contribute most to customers' satisfaction with the bank in Commercial Bank of Ethiopia and Awash International Bank s.co therefore, the result obtained from customers of Commercial Bank of Ethiopia and Awash International Bank s.co suggests that tangibility and overall customer satisfaction are strongly and positively related in CBE and AIB S.Co.

H2: there is significant relationship between Reliability and overall customer satisfaction

Reliability has a strong and positive relationship with the overall customer satisfaction which has a value ($r=.856$, $p<0.01$) for CBE customer to create satisfaction. Besides to the CBE, reliability in AIB S.Co has also significant and positive relationship with the dependent variable (overall customer satisfaction) which have a value of ($r=.897$, $p<0.01$).

This indicates that, reliability contributes the most next to empathy that influenced satisfaction towards the quality of services provided by Awash International bank s.co. Therefore, the result suggests that reliability and overall satisfaction are related in Commercial Bank of Ethiopia and Awash International Bank s.co (see table 4.8 and 4.9).

H3: there is significant relationship between Responsiveness and overall customer satisfaction

As the result in Table 4.8 and 4.9 depicted that, there is strong and positive correlated between Responsiveness and overall customer satisfaction with a value ($r=.889$, $p<0.01$) and ($r=.884$, $p<0.01$) for customers' of CBE and for customers' of AIB S.Co respectively. The association between responsiveness and overall customer satisfaction is statistically significant because of the p-value of .000, which indicating that the hypothesis is supported. According to correlation matrix, responsiveness has the least influential in consumers' mind comparing to other dimensions of service quality in AIB S.Co, but has a positive influence with overall customer satisfaction. This reflects responsiveness dimension is less important in influencing overall satisfaction comparing to other dimensions of service quality in Awash International Bank s.co but it is a must.

H4: there is significant relationship between Assurance and overall customer satisfaction

This is also like the other dimensions of service quality, the result depicted that there is strong and positive relationship between the independent variable (assurance) and the dependent variable (overall customer satisfaction) in commercial bank of Ethiopia having a value of ($r=.881$, $p<0.01$).

The correlation between assurance and overall customer satisfaction in Awash International bank S.co scored a value ($r=.900$, $p<0.01$). Because the value of $r=.900$ is greater than .01 and p value is 0.000.

This indicates assurance is the second important factor in influencing customer satisfaction next to empathy. The result revealed that customers' feel that employees of the bank such as consistently courteous with customers, employees' knowledge, fell safe in transaction and behavior of employees instills confidence influences satisfaction. Therefore, the hypothesis is supported, and concluded that there is a strong relationships between assurance and overall customers' satisfaction of in Commercial Bank of Ethiopia and Awash International Bank s.co.

H5: there is significant relationship between Empathy and overall customer satisfaction.

Table 4.8 and 4.9 also shows the relationship between empathy and overall customer satisfaction which revealed that, there is strong and positive relationship between the independent variable (Empathy) and dependent variable (overall customer satisfaction) with a value of ($r=.907$, $r=.912$, $p<0.01$) at Commercial Bank of Ethiopia and Awash International

Bank s.co respectively. The analysis shows that the p-value is 0.000, which is less than 0.01. Therefore, the hypotheses were supported. Therefore it is concluded that the higher the level of quality of services, the higher will be customer satisfaction

This result indicates empathy is the most important service quality factor which creates or influenced customer satisfaction. Such as communicating with customers, understanding customer's specific needs, showing personal attention and convenient operating hours to all customers were the most important in creating or influencing satisfaction towards the quality of service provided by the banks.

Therefore, the researcher concluded that, the entire hypotheses stated under this study were strongly and positively related with customer satisfaction. Among these dimensions, Empathy has strongly correlated with overall customer satisfaction (.907**) followed by Responsiveness (.889**), Assurance (.881**), tangibility (.869**) and Reliability (.856**) is the last, but strongly and positively correlated with overall customer satisfaction.

For Awash International bank, empathy has a strong and positively correlated with overall customer satisfaction (.912**) followed by Assurance (.900**), reliability (.897**), tangibility (.893**) and responsiveness (.884**) has the least but strongly and positively correlated with overall customer satisfaction.

In general, from table 4.8 and 4.9 one can infer that, although there is a positive relationship among the independent variables and dependent variables for the selected banks, the degree of relationship among them is not the same for the two banks. This means all dimensions of service quality does not contribute equally to create or influence customer satisfaction for the two banks even for single bank. Therefore, the result reflects that the overall customer satisfaction is affected by five service quality dimensions. All SERVQUAL dimensions have (p-value 0.000, which is less than 0.01). Therefore the entire hypothesis stated in this study is supported.

Table 4.8 Results of Pearson correlation in Commercial bank Ethiopia (CBE)

	Tangibility	Reliability	Responsiveness	Assurance	Empathy	Overall satisfaction
Tangibility	1					
Reliability	.987**	1				
Responsiveness	.986**	.975**	1			
Assurance	.985**	.983**	.978**	1		
Empathy	.986**	.979**	.990**	.981**	1	
Overall satisfaction	.869**	.856**	.889**	.881**	.907**	1

**correlation is significant at the 0.01 (2- tailed);

N=177 (N=number of respondents)

Table 4.9 Results of Pearson correlation at Awash International Bank s.co (AIB S.Co)

	Tangibility	Reliability	Responsiveness	Assurance	Empathy	Overall satisfaction
Tangibility	1					
Reliability	.983**	1				
Responsiveness	.969**	.985**	1			
Assurance	.986**	.991**	.980**	1		
Empathy	.973**	.983**	.972**	.984**	1	
Overall satisfaction	.893**	.897**	.884**	.900**	.912**	1

**correlation is significant at the 0.01 (2- tailed)

N=150 (N= number of respondent)

4.9 Overall customer Satisfaction at AIB S.Co

From the objectives of this study, evaluating the overall customer satisfaction is among others. To achieve this objective, the researcher was asked for 150 respondents to rate their agreement or disagreement for the statement of 'I am satisfied with the overall service quality provided by the bank'. Accordingly, the table below illustrates that, 4.7% (7) respondents were strongly disagree with the statement, where as 35.3% (53) respondents were disagree, and 25.3% (38) respondents reported that the overall satisfaction were moderate which means the banks service provision was satisfactory. 24% (36) and 10.7% (16) respondents responses were agreed and strongly agree with the statement respectively see table 4.10. To sum up, the majority of respondents were not agreed with the overall satisfaction of the service provided which indicates customers' of the bank was dissatisfied.

Table 4.10 overall satisfaction at AIB S.co

Overall customer satisfaction	Frequency	Percent	Valid Percent	Cumulative Percent
strongly disagree	7	4.7	4.7	4.7
Disagree	53	35.3	35.3	40.0
Moderate	38	25.3	25.3	65.3
Agree	36	24.0	24.0	89.3
strongly agree	16	10.7	10.7	100.0
Total	150	100.0	100.0	

Source: researcher's survey finding, 2014

CHAPTER FIVE

SUMMARY OF MAJOR FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

This study revealed that customers perception and expectation towards service quality at Commercial Bank of Ethiopia and Awash International Bank S.Co using tangibility, reliability, responsiveness, assurance, and empathy, comparing mean perception at CBE and AIB and evaluating overall customer satisfaction. Moreover this study also demonstrates the relationship between the independent variable (tangibility, reliability, responsiveness, assurance, and empathy) Therefore, based on the analysis and interpretations made at the pervious chapter the following conclusions and recommendation are made.

5.1 Summary of Major Findings

The findings were discussed and analyzed based on the objectives

One of the objectives of this study was to assess customer perception and expectation and identifying the gap score between perception and expectation in CBE and AIB. S.co using modified SERVQUAL dimensions with 22 statements developed by Parasurman et al (1988). Based on the result obtained from the respondents' of the banks, the highest perception of service quality provided by CBE was recorded by assurance (3.72), followed by tangibility (3.68), reliability (3.61), responsiveness (3.43) and empathy (3.4) in descending order. Like perception, assurance has the highest mean expectation with a value (3.93); followed by reliability (3.92); responsiveness (3.75); empathy (3.71) and the least mean expectation was scored by tangibility dimension (3.69).

From the gap analysis, responsiveness has the highest gap score with a value of (-0.32 and -.31) for CBE and AIB s.co which shows CBE and AIB s.co are less responsive for customer request compared to other dimensions or this proved that they are not ready to help customers and deliver a prompt service to their customers. Thus, according to respondents' response customers of CBE and AIB s.co did not believe that the bank meet the customers' requirement.

Tangibility has the lowest gap in both CBE and AIB s.co (-0.01 and -0.13) respectively. But CBE has better modern equipment, visually appealing materials and materials associated with service comparing to AIB s.co. This result indicates that customers' of AIB s.co did not believe their perception meets with their expectation. It should be underscored that all of them show negative gaps indicating the two banks have lots of work to do in its service relating to physical facilities, in introducing modern equipment, visually appealing materials associated and materials associated with the service to meet or exceed customer expectation.

Moreover, the result obtained from the respondents' of AIB s.co the highest perception of service quality provided by the bank was recorded by assurance (3.79); followed by reliability (3.64); tangibility (3.6); empathy (3.56) and responsiveness (3.44). Like the perception, the highest expectation was scored by assurance (3.93); followed by reliability (3.82); responsiveness (3.75) and tangibility and empathy have equal value (3.73) in AIB s.co.

The relationship between service quality dimensions with the overall customer satisfaction was measured using Pearson correlation. The results shows that there is positive and statistically significant ($p < 0.01$) relationship between the SERVQUAL dimensions (tangibility, reliability, responsiveness, assurance, and empathy) and overall customer satisfaction. This demonstrates that empathy has the strongest and positively correlated with customer satisfaction (.907 and .912) in CBE and AIB s.co respectively as comparing to other dimensions. While reliability and responsiveness dimension (.856 and .884) has the least comparing to other dimensions but strongly and positively correlated with overall customer satisfaction at CBE and AIB s.co.

From this we can observe that, the relationship between service quality dimensions with overall customer satisfaction is different from organization to organization and from customer to customer.

To understand the level of overall customer satisfaction, the researcher asked to rate their agreement or disagreement on the statement 'I am satisfied with the overall service quality provided by their respective bank's for 177 customers' of CBE and 150 for customers' of AIB using a five point likert scale ranging from 1 ('strongly disagree'); 2 ('disagree'); 3 ('moderate') 4 ('agree') and 5 for 'strongly agree'. Based on the respondents' response,

most of the respondents were disagreed with the statement which counts (45.2% and 35.3%) respectively.

To sum up the results of the finding, there are significant differences in perception between customers' of CBE and AIB on the entire service quality dimensions. Moreover the perception mean of the two banks on tangibility dimension has a higher value (3.68) in CBE than AIB. The rest SERVQUAL (reliability, responsiveness, assurance and empathy) have high customer perception in AIB with a value of (3.64, 3.44, 3.79 and 3.56) respectively.

5.2 CONCLUSIONS

Based on the summary of major findings the following conclusions were drawn.

Comparison on perception, expectation and Gap Model at CBE and AIB S.Co

From the results of the analysis, the level of customer perception in tangibility dimension, Commercial Bank of Ethiopia has relatively delivered better service quality compared to Awash International Bank s.co. While the rest four dimensions of service quality were higher in Awash International Bank s.co. Therefore, we can conclude that there is a variation in service quality between public and private banks in delivering their products and services. With regard to the average mean and gap analyses, private bank has rather smaller gap and higher performance than public bank; thus is an indication of more customer satisfaction toward private bank.

Comparison of Customers Perception at Commercial Bank of Ethiopia and Awash International Bank S.Co (Paired Sample T-Test)

From the result one can infer that, customers of Commercial Bank of Ethiopia and customers of Awash International Bank S.co have different perceptions about the service quality dimensions. This is consistent with Kumar et al. (2010) findings. They found that there is significant difference between Conventional and Islamic Banks in different parts of Malaysia banks in terms of customers' perception.

Relationship between Perceived SERVQUAL Dimensions and Overall satisfaction

The result of Pearson correlation showed that there is strong and positively correlated the entire SERVQUAL variables and overall customer satisfaction in both banks. This is

consistent with the findings of Siddiqi (2011); they found that all service quality dimensions were positively correlated with customer satisfaction in the retail banking of Bangladesh.

From this we can conclude that, although there is a strong and positive relationship among the independent variables and dependent variables for the selected banks, the degree of relationship among them is not the same for the two banks. This means all dimensions of service quality does not contribute equally to rise or fall overall customer satisfaction for the two banks even for single bank. In general the result obtained from Pearson correlation implies that these five dimensions are most important to both customers of the bank to rise or fall overall satisfaction.

Overall satisfaction is the result of tangibility, reliability, responsiveness, assurance and empathy. Based on the analysis shown in table (4.9 & 4.10), the overall customer satisfaction were not satisfied in both banks. This was because the two banks were not delivering service quality as customer expected or exceed.

5.2 Recommendations

Based on the findings of the study, the researcher suggested the following points.

- The mean score of customers' perception of all except tangibility service quality dimension in public bank were low; therefore, the public bank (CBE) needs to allocate resources to these items comprising the four dimensions in an attempt to reduce the magnitude of the low perceptions. If customer perceptions are close to five (as the scale is five-Point Likert) the customer needs are fully met and the banks need take no action.
- AIB S.co should make the necessary investments to improve its tangibility dimension such as, the appearance of the company's physical facilities, modern looking equipment, appearance of employees and materials associated with the service.
- As a result of the survey finding, all dimensions of service quality have a negative gap score which means customers' perceptions in both banks were below their expectations. Therefore, the two banks especially the public bank (CBE) should endeavor promptly to close these gaps by identifying the means that creates a gap. Therefore, the bank should minimize the gap in this area by improving responsiveness

to customer request, questions, complaints and problems and by recruiting qualified staff.

- In this study empathy shows the highest positive correlation with customer satisfaction in both banks. So, as empathy is related with the banks employees, thus the two bank managers especially the private bank (AIB S.co) should concentrate on the employee training programs so that they can offer personalized service.
- In addition, as evident from the gap calculated, responsiveness and reliability had the highest gap score in both banks. So to close this gap manager of the two banks set a training program for their staffs in order to strengthen their communication skills and improve their interaction with their customers during service procedures so as to display more individual concerns towards the customer.
- Since reliability dimension has the second highest gap score in public bank; therefore, they must make sure that the promised services are delivered on time and should train its employees to be consistent in providing quality service. In addition employees of the bank should put sincere efforts to match the expected service quality to the offered service quality so that commitment and loyalty of the customers can be achieved.
- The level of overall customer satisfaction in Commercial Bank of Ethiopia and Awash International Bank S.co shows majority of customers of the two banks were dissatisfied. So in an area where service providers are working for customer happiness the two banks should do a lot to bring improvement in quality of service and better satisfy to all existing customers as well as to attract new customers.
- To ensure customer retention, especially Commercial Bank of Ethiopia needs revision to their quality strategy giving particular attention to the expectations of the customers, improve all the SERVQUAL dimensions to exceed what the customers expect. By this, there will be a guarantee to retain the customers.
- To sum up, public bank (CBE) and private banks (AIB S.co) should offer continuous development of new services, through the use of survey and research that will help to come up with new initiatives and to outshine its competition and win customer satisfaction.

Reference

Abedniya, A. and Zaeim, M. 2011. 'Measuring the perceive service Quality in the Islamic Banking System in Malaysia', *International Journal of Business and Social Science* Vol. 2 (13):122-135.

Ahmad, A. et al 2010. 'Islamic banking experience of Pakistan Comparison between Islamic and Conventional banks', *International Journal of Business and Management*. 5 (5), 137-144.

Anol Bhattacharjee, 2012. *Social Science Research 2nd ed. Principles, Methods, and Practices*, University of South Florida: Tampa, Florida, USA

Arasli et al (2005). 'Customer service Quality in the Greek Cyprus banking industry', *managing service quality*, 15(1): 41-50.

Audrey Gilmore, 2003. *Service Marketing and Management, 1st ed.* SAGE Publications, London Thousand Oaks - New Delhi.

Awash International Bank, Background of AIB S.co retrieved at February 15, 2014, <http://www.Awashbank.com>

Angelova, B. and Zekiri, J. 2011. 'Measuring Customer Satisfaction with Service Quality Using American Customer Satisfaction Model (ACSI Model)', *International Journal of Academic Research in Business and Social Sciences*, 1(3):232-258.

Brahmbhatt and Panelia, 2011 'An Assessment of Service Quality in Banks', *Global Management Review*, 2 (4), 37-41.

Brink, A. and Berndt, A. 2005. *Customer Relationship Management and Customer Service*, Lansdowne: Juta Co. Ltd.

Byambaa, B. and Chang, K. 2012. 'The Influence Factors of Online Purchase on Customer Satisfaction in Mongolian Airlines', 57(15):80-85.

Chinwuba, M. and Egene, O. 2013. 'Evaluating customer-perceived service quality and customer satisfaction in the Nigerian banking industry', *Far East Journal of Psychology and Business*, 11(3):34-46.

Collier, J. E., & Bienstock, C.C. 2006. 'Measuring Service Quality in E-Retailing', *Journal of Service Research*, 8, 260.

Customer Satisfaction, 2007. Improving Quality and Access to Services and Supports In Vulnerable Neighborhoods, Center for the study of social policy, URL:<http://www.cssp.org/publications/constituents-co-invested-in-change/customer-satisfaction/customer-satisfaction-what-research-tells-us.pdf> pap 5-8, Cited date November 12/ 2013.

Edvardsson, B. 2005. Service Quality Beyond cognitive assessment, *Managing Service Quality* 15 (2), 127–131.

Garima Malik, 2012. A ‘Comparative Study on the Service Quality and Customer Satisfaction among Private and Public Banks In India’, *Pacific Business Review International*, 4(3), 51-64.

Grönroos, C. 1984. ‘A service quality model and its marketing implications’, *European Journal of Marketing* 18 (4): 36–44.

Gupta, A.2005. ‘Quality Management in Service Firms: Sustaining Structures of Total Quality Service’, *Managing Service Quality*, 15(4): 389-402.

Hansemark, O. C. & Albinson, M., 2004. ‘Customer Satisfaction and Retention’, *the Experiences of Individual with Employees*, *Managing Service Quality*, 14 (1).

Haq and Muhammad B. 2012. ‘Customer Satisfaction: A Comparison of Public and Private Banks of Pakistan’, *Journal of Business and Management*, 1(5): 01-05.

Hassan M., et al, 2013. ‘Relationships among Customers’ Perceived Service Quality, Satisfaction and Loyalty in the Retail Banking Sector of Pakistan’, *World Applied Sciences Journal* 24 (8): 1020- 1030.

Hossain J.M. 2012. ‘Impact of service quality on customer satisfaction: a case of tourism industry in Bangladesh’, *International journal of research in Finance and marketing*, Vol. 2.

Jajae S. and Ahmad, F. 2012. ‘Evaluating the Relationship between Service Quality and Customer Satisfaction in the Australian Car Insurance Industry’, *International Conference on Economics, Business Innovation*, 38: 219-223.

Jamal A., Naser, K., 2003. ‘Factors influencing customer satisfaction in the retail banking Sector in Pakistan’, *International Journal of Commerce and Management*, 13 (2), 29–53.

Kothari R. 2004. '*Research methodology, methods and techniques*', 2nd ed. New Delhi New age international.

Kotler, P. and Keller, K. L. 2009. *Marketing management*, 9th ed. New Jersey: Pearson Education Inc, Upper Saddle River,

Kumar, M., Kee, F. And Charles, V. 2010. 'Determining the relative importance of critical factors in delivering service quality of banks: An application of dominance analysis in SERVQUAL model', *International Journal of Quality & Reliability*, 27(3): 351-377.

Kumari, H. and Rani, S. (2012). Customer Perception of Services Quality in the Retail Banking Sector. *European Journal of Business and Management*. [Www.liste.org](http://www.liste.org) ISSN 2222-1905 (Paper) ISSN 2222-2839 (Online) 3(3), Accessed November 20/2013.

Ladhari, R. 2009. 'A review of twenty years of SERVQUAL research', *International Journal of Quality and Services*, 1(2): 172-198.

Lohani, M. and Bhatia, P. 2012. 'Assessment of Service Quality in Public and Private Sector Banks of India with Special Reference to Lucknow City', *International Journal of Scientific and Research Publications*, 2(10): 1-7.

Lovelock, 2003. '*Service Marketing- People, Technology, Strategy*', Upper Saddle River, New Jersey: Pearson Prentice Hall.

Malik, M., Naeem, B. and Arif. Z. (2011). 'Impact of Perceived Service Quality on Banking Customers' Loyalty', *Interdisciplinary Journal of Contemporary Research In Business*, 3(8):637-645.

Mohammad, A. and Alhamadani, S. 2011. 'Service Quality Perspectives and Customer Satisfaction in Commercial Banks Working in Jordan', *Middle Eastern Finance and Economics*, ISSN: 1450-2889 Issue 14, <http://www.eurojournals.com/MEFE.htm>.

Munusamy, Jet al. 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):398-404.

- Naeem, et al. 2009. 'Service Quality and Its Impact on Customer Satisfaction: Empirical Evidence from the Pakistani Banking Sector', *International Business & Economics Research Journal*, 8 (12): 99-104.
- Negi, R. 2009. 'Determining customer satisfaction through perceived service quality: A study of Ethiopian Mobile users', *International Journal of Mobile Marketing*, 4 (1): 31-38.
- Newman, K. and Cwoling, A.1996. 'Service quality in retail banking: the experience of two British clearing Banks', *International Journal of Bank marketing*, 41-50.
- Oliver, R.L, 1997. *Satisfaction: A Behavioral Perspective on the Consumer*, McGraw- Hill, New York.
- Olsen, S.O. 2002. 'Comparative evaluation and relationship between quality, satisfaction and repurchase loyalty', *Academy of marketing science*, 30(3): 240-249.
- Omar, N.A., and Musa, R. 2008. 'The role of perceived equity in relationship quality and relationship outcomes: An investigation of retail loyalty programmes in Malaysia', *The Business Review Cambridge*, 9(2): 345-353.
- Parasuraman, et al. 1985. A 'Conceptual model of service quality and its implications for future research', *Journal of Marketing Research*, 49 (4): 41-48.
- Parasuraman, et al, 1988. 'SERVQUAL: A multiple-item scale for measuring customer perceptions of service quality' *Journal of retailing* 64 (1) Spring. 12-40.
- Razak, M. et al. (2013). 'Adaptive of SERVQUAL Model in Measuring Customer Satisfaction towards Service Quality Provided by Bank Islam Malaysia Berhad (BIMB) in Malaysia', *International Journal of Business and Social Science*, 4(10)189-198.
- Sivesan, 2012. 'Service quality and customer satisfaction: A case study - banking sectors in Jaffna district, Srilanka', *International journal of marketing, financial services & management research*, 1 (10): 1-9.
- Saghier, N. Nathan, D. 2013. 'Service Quality Dimensions and Customers' Satisfactions of Banks in Egypt', *Proceedings of 20th International Business Research Conference 4 - 5 April 2013, Dubai, UAE*, 1-13.ISBN: 978-1-922069-22-1.

Saif Ullah Malik, 2012. 'Customer Satisfaction, Perceived Service Quality and Mediating Role of Perceived Value', *International Journal of Marketing Studies*, 4(1):68-76.

Santhiyavalli, 2011 'Customer's perception of service quality of State Bank of India - A Factor Analysis', *International Journal of Management & Business Studies*, 1(3) : 78-84.

Seth S.G., Deshmukh and Vrat, P. 2005. 'Service quality models: a review', *International Journal of Quality & Reliability Management*, 22 (9): 913-949

Soderlund, M. and Ohman, N. 2005 'Assessing behavior before it becomes behavior: An examination of the role of Intentions as a link between satisfactions and re patronizing behavior', *International Journal of service Industry management*, 16 (2): 169-185.

Stafford Stephanie D. Kendall, 2006. *Customer Service Delivery: research and best practices* 1st ed. 989 Market Street: San Francisco.

Sujana Adapa, 2010. *GSB 737—Services Marketing*, Graduate School of Business, University of New England, Armidale.

Wellman, J. C. and Kruger, S. J. 2005. *Research Methodology*, 3rd ed. Cape Town: Oxford University Press.

Zeithaml, V. A., & Bitner, M. J., 2003. *Service marketing: Integrating customer focus across the firm*, 3rd ed. MA, McGraw-Hill/Irwin, Boston.

Zeithaml, V.A., Bitner, M.J. and Gremler, D.D.2006. *Service Marketing: Integrating Customer Focus across the Firm*, 4th Edition. Botson: McGraw-Hill.

Zekiri, J. 2011 'Applying SERVQUAL Model and Factor Analysis in Assessing Customer Satisfaction with Service Quality: The Case of Mobile Telecommunications in Macedonia', *International Bulletin of Business Administration*, <http://www.eurojournals.com>. Retrieved November 15/2013.

www.combanketh.et

www.awashbank.com

www.nbe.org.et/History/histry.htm

<http://www.researchadvisor.com>

Appendix A

English version

APPENDIX A

Addis Ababa University

School of Commerce

Department of Marketing Management

Self Administered Questionnaire to be filled By Customers

This questionnaire is developed by a post graduate student for the purpose of fulfilling partial requirement of master's degree in marketing management. You are requested to participate in the research in title: **“service quality and customer satisfaction: A comparative study between Commercial Bank of Ethiopia and Awash International bank s.co”**. This questionnaire is designed to gather data from customers of the **two banks regarding their expectation and perception**. The objective of this research is to assess customer expectation and perception levels towards service quality of the selected banks and to identify the most determinants of service quality which leads to customer satisfaction. Your response is highly valuable for the study and there are no identified risks from participation in the survey. Participation in the study is completely voluntary it will take you approximately 8-10 minutes to complete this questionnaire. The questionnaire consists of three parts (personal information, your expectation and your perception and your satisfaction level).Therefore; your genuine answer to the questions in the questionnaire has an immense value to the completion of this study.

Thank you for your kind cooperation and valuable time.

Instruction

- No need of writing your name
- Your confidentiality maintained sincerely.
- Use √ up on given choices alternatives

Part I personal information

1. Please indicate your gender

Male

Female

2. Please indicate your age group

18-25 26-33
34-41 42-50 above 51

3. Level of education

No education primary education secondary education
College Diploma first degree Post-graduate

4. Please indicate your occupation

Student government employee private employee
Self employee Unemployed

5. Please indicate your monthly income

< 1000 1001-3000 3001-5000 >5000

Part II: Survey of your expectations and perceptions towards service quality of your bank.

This survey deals with your opinion about your bank's service quality. Please show the extent to which you expect and perceive your organization's offering services. There is no right or wrong answers all I am interested in is a number that best show your expectations and perceptions about the Service Delivery System of your banks. Based on this, please put a tick (√) in the boxes which mostly explain your attitudes.

The score levels are described as:

1- Strongly Disagree 2- Disagree 3- Neutral

4- Agree 5- Strongly Agree

SERVQUAL DIMENSIONS	Level of expectation					Level of perception				
	1	2	3	4	5	1	2	3	4	5
Tangibility										
1. Your bank has Modern-looking equipment.										
2. Your bank has visually appealing physical facilities.										
3. Your bank has neat and professionally groomed employees.										
4. Materials associated with the service (such as pamphlets or statements) will be visually appealing of your bank.										
Reliability	1	2	3	4	5	1	2	3	4	5
5. When your bank promises to do something by a certain time, they do.										
6. When you have a problem, the staff shows a sincere interest in solving it.										
7. The staff of your bank performs the service right the first time.										
8. The staff of your bank provides the service at the time they promise to do so.										
9. The staff of your bank insists on error free records										
Responsiveness	1	2	3	4	5	1	2	3	4	5
10. Employees of your bank tells you exactly when services be performed.										
11. Employees of your bank gives you prompt service.										
12. Employees of your bank are always willing to help you.										

13. Employees of your bank are never being too busy to respond your requests.										
Assurance	1	2	3	4	5	1	2	3	4	5
14. The behavior of employees in your bank instills confidence in you.										
15. The staff of your bank makes you feel safe in transaction.										
16. Employees of your bank are consistently courteous with you.										
17. Employees of your bank have the knowledge to answer your questions.										
Empathy	1	2	3	4	5	1	2	3	4	5
18. The employees of your bank are able to communicate effectively with you.										
19. The employees of your bank understand your specific needs.										
20. Your bank has operating hours convenient to all their customers.										
21. The employees of your bank have their customer's best interest at heart.										
22. The staff of your bank shows personal attention to you.										
23. Overall I am satisfied with the service provided by the bank.						1	2	3	4	5

APPENDIX B

አዲስ አበባ ዩኒቨርሲቲ

ንግድ ስራ ትምህርት ቤት

የገበያ ስራ አመራር ትምህርት ክፍል

ውድ የጥናቱ ተሳታፊዎች

እኔ በአዲስ አበባ ዩኒቨርሲቲ ንግድ ስራ ትምህርት ቤት የማርኬቲንግ ማናጅመንት ትምህርት ክፍል ተማሪ ሲሆን ፣ ለገበያ ስራ አመራር ድህረ ምረቃ ትምህርት (Master of Arts in Marketing Management) ከፊል ማሟያነት የሚውል በኢትዮጵያ ንግድ ባንክና በአዋሽ ኢንተርናሽናል ባንክ አ.ማ የአገልግሎት ጥራት ልኬትና የደንበኞች እርካታ ጥናት ላይ ያተኮረ ነው።

ስለዚህም የተከበራችሁ ደንበኞች በዕርስዎ አመለካከት የሚጠቀሙበት ባንክ የአገልግሎት ጥራት እና ተዛማጅ ነገሮች ላይ ያልዎትን አስተያየት በመስጠት ለጥናቱ ስኬታማነት የበኩልዎን ሚና ይጫወቱ ዘንድ በአክብሮት እየጠየኩ ከዚህ ጋር በተያያዘ ማንኛውም የምትሰጡት ምላሽ በተገቢው ሁኔታ በሚስጥር ተጠብቆ የሚቀመጥ ከመሆኑ ባሻገር ለጥናቱ አገልግሎት ብቻ የሚውል መሆኑን ላረጋግጥልዎ እወዳለሁ።

ለምታደርጉልኝ ትብብር በቅድሚያ አመሰግናለሁ።

ትዕዛዝ:- እባክዎ ለጥያቄዎቹ በመልስነት ከቀረቡት አማራጮች ውስጥ ምልክት (√) በማድረግ ምላሽዎትን ይስጡ።

ክፍል አንድ: የተሳታፊዎች አጠቃላይ ሁኔታ

ሀ: ሦታ	ወንድ	<input type="checkbox"/>	ሴት	<input type="checkbox"/>		
ለ: እድሜ	ከ18-25	<input type="checkbox"/>	ከ26-33	<input type="checkbox"/>	ከ34-41	<input type="checkbox"/>
	ከ43-50	<input type="checkbox"/>	ከ51 በላይ	<input type="checkbox"/>		

ወዘተ) ለእይታ የሚሰቡ ናቸው።										
3. እርስዎ በሚጠቀሙበት ባንክ ያሉት ሰራተኞች ጥሩ ልብስ ለብሠውና ንፁህ ሆነው ይቀርባሉ።										
4 እርስዎ በሚጠቀሙበት ባንክ ለስራ የሚያገለግሉ ቁሳቁሶች እና መሳሪያዎች ከሚሰጡት አገልግሎቶች አይነት ጋር አብሮ የሚሄድ ነው።										
ታማኝነት	1	2	3	4	5	1	2	3	4	5
5. እርስዎ በሚጠቀሙበት ባንክ ያሉት ሰራተኞች በአንድ በተወሰነ ጊዜ ውስጥ የሆነ ነገር ለመስራት ቃል ይገባሉ፤ እንደ ቃላቸውም ይፈጽማሉ ።										
6. አንድ ደንበኛ ችግር ካጋጠመው እርስዎ በሚጠቀሙበት ባንክ ያሉት ሰራተኞች ችግሩን ለመፍታት ቀና ፍላጎት ያሳያሉ።										
7. እርስዎ በሚጠቀሙበት ባንክ ሊተማመኑበት የሚችል ባንክ ነው ።										
8. እርስዎ የሚጠቀሙበት ባንክ አንድን ስራ ለመስራት ለፈፀመው ቃል በገባው ጊዜ ይፈፅማል ።										
9. እርስዎ የሚጠቀሙበት ባንክ መዛግብቱን ከስህተት የፀዱ እንዲሆኑ ያበረታታል ።										
ምላሽ ሰጪነት (ግልፅኝነት)	1	2	3	4	5	1	2	3	4	5
10. እርስዎ በሚጠቀሙበት ባንክ ያሉት ሰራተኞች አገልግሎት የሚያከናውኑበትን ጊዜ በትክክል ይነግሯቸዋል።										
11. እርስዎ በሚጠቀሙበት ባንክ ያሉት ሰራተኞች ለእርስዎ ቀልጣፋ አገልግሎት ይሰጥዎታል።										
12. እርስዎ በሚጠቀሙበት ባንክ ያሉት ሰራተኞች ሰራተኞች እርስዎን ለመርዳት ሁልጊዜ ፈቃደኞች ናቸው።										
13. እርስዎ በሚጠቀሙበት ባንክ ያሉት ሰራተኞች የእርስዎ ጥያቄዎች በፍጥነት ለመመለስ ፈፅሞ ስራ አይበዛባቸውም።										
ዋስትና (መተማመኛ)	1	2	3	4	5	1	2	3	4	5

14. እርስዎ በሚጠቀሙበት ባንክ ያሉት የሰራተኞች ባህሪ በእርስዎ እምነት እንዲያደርጉ ያደርጋል።										
15. እርስዎ ከባንክዎ ጋር በሚያደርጉት ግብይት ደህንነት ይሰማዎታል።										
16. እርስዎ በሚጠቀሙበት ባንክ ያሉት ሰራተኞች ለእርስዎ በወጥነት ትህትናን ያሳያሉ።										
17. እርስዎ በሚጠቀሙበት ባንክ ያሉት ሰራተኞች የእርስዎ ጥያቄዎች ለመመለስ በቂ እውቀት አላቸው።										
ችግር ተካፋይነት	1	2	3	4	5	1	2	3	4	5
18. እርስዎ በሚጠቀሙበት ባንክ ያሉት ሰራተኞች የእርስዎ ልዩ ፍላጎት ይረዳሉ።										
19. እርስዎ በሚጠቀሙበት ባንክ ያሉት ሰራተኞች የእርስዎ ትክክለኛ የልብ ፍላጎት ተቀብለው ያስተናግዳሉ።										
20. እርስዎ የሚጠቀሙበት ባንክ ለሁሉም ደንበኞቹ ምቹ የሆነ የስራ ሰዓት አለው።										
21. እርስዎ የሚጠቀሙበት ባንክ ለእርስዎ ምርጫ የልብ ፍላጎቶች አሉት።										
22. እርስዎ የሚጠቀሙበት ባንክ ለእርስዎ የግል ትኩረት የሚሰጡ ሰራተኞች አሉት።										
23. በአጠቃላይ ባንኩ በሚሰጣቸው አገልግሎቶች ረክቻለሁ።						1	2	3	4	5

Declaration

I, **Gebremedhn Abrha Gerensea**, declare that this research paper entitled “Banks Service Quality and Customer Satisfaction; A Comparative Study between Public Bank and Private Banks a case of Commercial Bank of Ethiopia And Awash International Bank s.co” is my own work research. I have been produced it independently except for the guidance and suggestion of the Research Advisor and has not been used by others for any other requirements in any other university and all sources of information in the study has been appropriately acknowledged.

Declared by

Gebremedhn Abrha

Jun, 2014

Student Researcher

signature & date

Confirmed by

Kahsu Mebrahtu (Ass. Prof.)

Jun, 2014

Researcher Advisor

signature & date