

QUALITY OF EXPORT BANKING SERVICES, THE CASE OF BUNNA INTERNATIONAL BANK

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This is to certify that Mengistu Walelegn carried out his project on the topic entitled "QUALITY OF EXPORT BANKING SERVICES, THE CASE OF BUNNA INTERNATIONAL BANK" This work is original in nature and is suitable for submission for the award of Master of Marketing Management.

Dr. Ayele Abebe

Declaration

I, Mengistu Walelegn, hereby declare that the thesis entitled 'QUALITY OF EXPORT BANKING SERVICES, THE CASE OF BUNNA INTERNATIONAL BANK' Is the outcome of my own efforts and study and that all sources of materials used for the study have been duly acknowledged. This study has not been submitted for any degree in this University or any other University. It is offered for the partial fulfillment of the degree of MA in Marketing Management.

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Acronyms

ASSU - Assurance

BIB- Bunna International Bank

EMP - Empathy

REL - Reliability

RES - Responsiveness

SERVQUAL – Service Quality

SERVPERF – Service Performance

SPSS - Statistical Package for Social Sciences

TAN- Tangibles

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Abstract

Export banking service is the most important factor that determines the export performance of exporters and the level of hard currency flows to the banks. This research was conducted to assess export banking service in the case of Bunna international bank; specifically on sesame seeds export. In this research SERVQUAL model was used to assess the stated objective of the study. Sesame seed exporters at Bunna international bank were the target population to evaluate the export banking service. Structured questionnaire were used to collect data. Descriptive research designs were used to get a better insight into the studied issue. To identify the GAP between the perceived service quality and the expected service quality mean analysis was done and the findings indicated positive GAP on reliability and assurance dimensions assuring the provision of greater service on the dimensions. Further correlation and analysis was done and the five dimensions found to be correlated with the overall service quality of the bank. The regression analysis also indicated the most important predictors among the dimensions. Accordingly, reliability and assurance found to be the first and the second most important determinants of the overall service quality.

Keywords: *Service Quality, service quality dimensions, GAP, Export banking*

Chapter One

1. Introduction

1.1 Back ground of the study

Banking sector in Ethiopia is characterized by promising growth and intensifying competition among banks. (16 Private Banks and 3 governmental banks) has led them to think seriously about how to compete effectively. In the past, banks largely pursued undifferentiated marketing that was aimed at a broad spectrum of customers rather than particular segments.

Banking industry environment experiences rapid changes reflected in the intensification of competition between banks and increased awareness of current and potential customers that can be well reflected on the dynamicity of the service packages and sophistication. Therefore, the quality of service is a major challenge for banks.

On the other hand according to FAOSTAT data of 2012 Ethiopia is one among the top five sesame seeds producing countries in the world. Following the international demand on Ethiopian sesame seeds, the production has been dramatically increased 50,000 Mt in 2004 to 350,000 Mt in 2013. In recognition of the fact, Bunna international bank has been giving differentiated service packages and promising concerns for sesame seeds exporters.

Though there are different factors that determine the performance of export business, the banking service given for the sector is indispensable in influencing the export performance of exporters and the level of hard currency the bank can get. The differentiated service packages given for exporters highly influences the business activities to be conducted. In export business the business process passes long way through the direct involvement of banks. From letter of credit opening to document negotiation and disbursement both the issuing and negotiating banks play irreplaceable

role to make the business easy and reliable. Beyond that banks can play big role in export financing, variety of loan packages applied to finance the export business, pre-shipment, term loan and LC discount are the most important loan packages.

Without the involvement of banks export business cannot be performed, with poor export banking service the business can be conducted poorly. Hence, the export banking service quality can be seen as the most important factor to determine the level of export performance and the amount of hard currency to be gained to the bank.

Studying export banking service is help full to understand the service quality pillars and to identify the existence of GAPS in the service provisions. Exporters' expectations on export banking service and the perception of the banks about how they are conducting the service may vary. Hence, conducting studies that would help to see the level of export banking service standards and GAPS is important for further improvement.

This paper had tried to evaluate export banking service quality of Bunna international bank specifically in the case of sesame seeds exporters. On the services Bunna international bank provides to sesame seeds exporters, the research tends to focus on exporters perceptions of service measuring, what the customer thinks of the service they are currently getting. Sesame seeds were chosen to be the concern for export banking service analysis on this study for two most important reasons in one hand Ethiopian sesame seed is widely grown cash crop item with a plenty of production potential in every corner of the country and in the other hand according to ministry of trade, sesame seed is the second most hard currency earner of the nation with incalculable potential of international demand and with alarming high level of local production. Hence, putting in to account both supply and demand potential, describing export banking service given by Bunna international bank would be crucial for better export banking service provisions and ultimately for better export performance and improved hard currency gain for the bank.

Export banking service is crucial for export business activities to be conducted. Hence, identifications of the most important export banking service quality dimensions and

determination GAPS, if there are GAPS, are important in showing what to be done for better export banking service for sesame seed exporters.

The quality of services offered determines customer satisfaction and attitudinal loyalty (Ravichandran et al. 2010). The objective of this study is to evaluate the service quality of Bunna international bank given to sesame seeds exporters, using the well-known SERVQUAL instrument.

1.2. Back ground of the organization

Bunna international bank s.c has joined the Banking industry of Ethiopia following the favorable economic developments witnessed in the country during the last decade and the incessantly growing needs for Financial Services. The Bank has obtained its license from the National Bank of Ethiopia (NBE) on June 25, 2009 in accordance with Licensing & Supervision of Banking Business Proclamation No. 592/2008 and the 1960's Commercial Code of Ethiopia. The Bank officially commenced its operation on October 10, 2009 with subscribed & paid up capital of Birr 308 million and Birr 156 million, respectively. Moreover, the bank has more than 11,200 shareholders, which makes it one of the strong and public based private banks in Ethiopia (Bunna international bank).

➤ Services given for Exporters

Advance Payment

- Receipt of payment in advance for exports.
- This method of payment can be considered as credit extended by an overseas buyer to an exporter.
- This is the most preferred method of payment for exports.
- Required Documents: Advance payment receipt (Incoming Telegraphic Transfer) advice or customs declaration along with bank advice for the sale of the Cash Notes to the Bank. (If deposited in Foreign Currency Cash Notes), commercial invoice, sales contract, License & TIN certificate.

Consignment

- Export on consignment basis is applicable to perishable items.
- Required Documents: Commercial Invoice, sales contract, License, TIN certificate & undertaking letter to repatriate the proceeds timely (additional documents may be requested as and when situations demand)

Letter of Credit (L/C)

- An export letter of credit is an instrument issued by a foreign bank on behalf of its importing customer favoring an exporter who is customer of BIB.
- Required Documents: Authenticated L/C (SWIFT MT 700), Commercial Invoice, Sales contract, License and TIN certificate (additional documents may be requested as and when situations demand).

Cash against Document (CAD)

- Exporters may ship their goods to buyers abroad on collection bases at sight or on acceptance bases.
- Required Document: Commercial Invoice, Sales contract, License, undertaking letter and TIN certificate (additional documents may be requested as and when situations demand).

1.3 Statement of the problem

Most services involve a direct contact between the customers and the service provider (Mersha and Abdalakra, 1990), Likewise the bank industry.

As the key business, sesame seeds export, have been given due concern in different banks and there has been different services granted for exporters of sesame seeds. Specifically services related with loan, international banking division can be viewed the most important areas where banks give exceptional concern which would ultimately reflected

on the basic determinates of the service quality model. The type and variety of services and service quality provided for sesame seeds exporters highly determines the amount of hard currency which comes through exporting sesame seeds.

Export banking service is a key factor in maximizing and improving sesame seeds export performance and the amount of hard currency the bank can get from the conduction of the business. Banks play irreplaceable role in conducting the export business. In the first hand banks are factors of reliability of the business between the sesame seeds exporters and sesame seeds importers. Despite the type and mode of transaction held, without the involvement of banks, the business cannot be executed. Likewise the poor and delayed service provisions of export banking service comparatively slows and retards the business performance and ultimately the amount of hard currency to be gained for the bank. In the other hand export business is capital intensive in its character. Otherwise banks financing is there for exporters, attaining the desired export performance is unthinkable. Hence, both in the international banking service and in financing the business the banks play indispensable role in the business sector. The level of export banking service is a crucial indication of export performance.

There were also papers done related with the banking sector. The papers used different models to evaluate different topics related with banking service.

Belay Adamu (2012) The paper entitled 'Service Quality and Customer Satisfaction (The Case of Cooperative Bank of Oromia)', Main objective was to explain the relationship between service quality and customer satisfaction and overall strategy and operation of service delivery in the bank, SERVQUAL instrument and interview with management was used. The dimensions of service quality; tangible, reliability, responsiveness, assurance, and empathy were positively correlated to customer satisfaction in the study. Overall service quality explained 45.6 per cent customer satisfaction. And the dimension tangible ranked number one in predicting customer satisfaction.

Tamirat Yohannes (2012), 'Factors explaining service quality in CBE', assessed the service quality and customer satisfaction in Commercial Bank of Ethiopia and to gain a better understanding of the primary service quality dimensions that affect customer

satisfaction from customers' perspective, the study employed Hierarchical service quality model, The findings indicated that there is a significant positive relationship between service quality and the four primary dimensions of the model and the four dimension explained around 42 per cent of variation in overall service quality.

Merga Beji (2012), 'Customer satisfaction toward the service quality of Oromia international bank of S.C, examined the perception and satisfaction the banks customers toward the service quality and its dimensions. And provide, SERVQUAL instrument was used, Positive correlation identified between the five dimension and customers satisfaction. The relationship was identified to be strong with reliability and weak with tangibles.

Although quality is seen as essential to corporate success (Devlin and Dong 1994), one has to be able to measure it before being able to properly manage it, Drucker, (1974). Consequently, a clear definition of quality is needed. The specific nature of services makes it difficult to provide measure and maintain their quality.

Generally speaking service quality is highly dependent on dimensions of different service quality models. This study had tried to analyze the export banking service quality of Bunna international bank in case of sesame seeds exporters. The export business is one of the most important businesses that has indispensable role in the national economy. Economical growth and competitiveness is a result of the national Export & Import balance among countries. Likewise, banks competitiveness is a result of the amount of hard currency they have gained, most importantly. The conduction of the study identified the determinants of Bunna international bank export banking service quality using the service quality model. The rational of the study identified gaps of Bunna international bank up on their service provisions. Hence, Bunna international bank in particular and other banks in general could utilize the result for their service provision improvement or service quality maintenance given for sesame seeds exporters which would ultimately reflect on the export performance of sesame seeds and on the comparative gain of hard currency.

Basic Research questions

- What are the main dimensions of Bunna international bank export banking service quality to sesame seeds exporters?
- Are there gaps that sesame seeds exporters experience among expected service and the actual service being delivered

1.4 Objective of the study

1.4.1 General objective:

This research evaluates the service quality of Bunna international bank service to exporters using the SERVQUAL model.

1.4.2 Specific Objective

- To find out the main determinants of Bunna international bank's service quality from the perspective of exporters
- To identify gap/gaps, if there is/are, between the exporters expectation of service and the actual service delivered

1.5 Limitation of the Study

The research approach of this study is survey type; therefore the research has a limitation of survey research. Those are non-response bias, sampling bias, social desirability bias, recall bias, and common method bias (Anol, 2012). Besides, survey research has weak internal validity specifically temporal precedence which says cause must precede effect in time.

The outcome of the study was solely dependent on the individual responses of the respondents that participate in the study. Furthermore, there is absence of specific, well-organized and documented information regarding past studies of service quality on Bunna international bank, this can be witnessed in the literature review section of the study.

1.6 Scope of the study

This research is going to primarily focus on evaluating the service quality of Bunna international bank concerning the service it provides to sesame seeds exporters. The paper focused on the gap between expected service and perceived service that is provided to exporters by Bunna international bank.

This research uses SERVQUAL instrument for evaluating the service quality delivered by BIB and the study is conducted using survey. Questionnaires were used as data collection method. The subjects in this study include active sesame seeds exporters among the business community in Addis Ababa that BIB serves. Thus the findings cannot be generalized beyond active exporters. The geographical scope of the study limited at Addis Ababa city only.

1.7 Significance of the Study

The study would have practical importance in the sector, the results and recommendations would be used to improve and would let BIB well understand the service quality standards of the sector so that they would put appropriate solutions to provide improved services. This study will also help to understand Bunna international bank to identify the main determinants of the service quality respective with sesame seeds exporters, will also help decisions to be made, either to undertake decisions for further study or to take specific decisions in tackling the service quality standards in case of services given for sesame seeds exporters.

Governmental, Private Banks and sesame seeds export business organizations will have some benefits using informative output of the result and recommendations given in the research conducted. Most importantly the research will be used as the input for further study in the topic.

1.8 Organization of the thesis

The remaining parts of this thesis are organized as follows. Chapter two presents concept and definitions, theoretical review, empirical review of different service quality

measurement models, and conceptual frame work of the study. In chapter three, the methodological framework of model, the research approach, method of data collection, and research design issues are present. The empirical results with descriptive and inferential statistics of the model are present and analyzed in the fourth chapter. Lastly, in chapter five, the main findings of the study are summarized and some recommendations discussed.

CHAPTER TWO

2. Review of Literature

2.1 Concepts definitions

2.1.1 Service quality

Service quality is a concept that has attracted the interest of researchers in the field of operations management and marketing research. Despite its popularity, the concept of service quality in the marketing literature is still ambiguously and vaguely defined. It is generally agreed that service quality is an elusive concept and there is considerable debate in the literature about how best to conceptualize this phenomenon (Philip and Hazlett, 1996). An all-embracing definition of service quality is notoriously difficult to find. In 1985 Parasuraman, Zeithaml and Berry after reviewing various studies on service quality and offered three propositions; Service quality is not as easy for a customer to evaluate as goods quality, service quality perception is the outcome of the comparison that a customer makes between their expectations and the performance of a service; Quality assessment not only depends on the outcome of a service, but also includes assessment of the process of service delivery. The same authors after some years Parasuraman, Zeithaml and Berry (1988) define service quality as “a global judgment or attitude, relating to superiority of the service, whereas satisfaction is related to a specific transaction”. This clearly suggests that service quality is an overall judgment of a service provider and the outcome of the comparison between customers perceptions and their expectations. And further defined customer expectations as “the desires and wants of consumers” i.e. what they feel a service provider should offer rather than would offer.

As one of the key dimension for organizational performance and profitability, quality has been enormously studied and various principles and approaches are proposed to attain it.

Earlier quality gurus define quality as ‘a fitness for use’ (Juran 1962), ‘conformance to requirement’ (Crosby 1979) and ‘the total composite product and service in use that meet the expectations of the customer’ Feigenbaum (1991) cited in Thawesaeng skulthai (2007). In spite of that it is understood that quality is a customer centric and multidimensional concept.

Research has indicated that service quality has been increasingly recognized as a critical factor in the success of any business (Parasuraman et al., 1988) and the banking sector in this case is not exceptional. Service quality has been widely used to evaluate the performance of banking services (Cowling and Newman, 1995). The banks understand that customers will be loyal if they receive greater value than from competitors (Dawes and Swailes, 1999) and on the other hand, banks can earn high profits if they are able to position themselves better than their competitors within a specific market (Davies et al., 1995). Therefore, banks need focus on service quality as a core competitive strategy (Chaoprasert and Elsey, 2004). Moreover, banks all over the world offer similar kinds of services, and try to quickly match their competitors’ innovations. It can be noted that customers can perceive differences in the quality of service (Chaoprasert and Elsey, 2004). Moreover, customers evaluate banks’ performance mainly on the basis of their personal contact and interaction (Gronroos, 1990).

Service quality, which is the main issue in this paper, is a focused evaluation that reflects the customer’s perception of elements of service such as interaction quality, physical environment quality, and outcome quality. These elements are in turn evaluated based on the specific service quality dimensions: reliability, Assurance, Responsiveness, Empathy and Tangibles. Satisfaction, on the other hand, is more inclusive: it influenced by perception of service quality, product quality, and price as well as situational factors and personal factors. (Zeithaml and Bitner, 2004).

Based on the literature, one way of starting to develop an appropriate definition of service quality is to understand what the purpose of service quality is. If the purpose is to meet customer expectations, then the definition will be “meeting customer expectations” (Johnston and Clark, 2005). Another potentially useful way to

define service quality is to understand how service organizations see service quality from a customer's perspective. Whatever the perspective, it is obvious that service quality cannot be viewed outside its conceptual meaning, with an emphasis on meeting the service specification, meeting customer expectations, and meeting customer satisfaction. (Elemayar, 2011)

2.1.2 Perceived service quality

Perceived service quality is the customer overall judgment of the superiority of a service (Lawis et al 1994) cited in (Bonsu and Mensah, 2013). It is what customers think has been provided in terms of performance and value by a service. There are two perspectives of perceived service quality in the reviewed literature. The early scholars of service quality compared perceived service quality with expected service quality to obtain overall service quality. Thus perceived service quality is not service quality on its own. Recent researchers however, consider perceived service quality as overall service quality.

2.1.3 Expected Service Quality

Various models have been used and developed over the last three decades to explain satisfaction and service quality. The most widely used and accepted satisfaction theory arising from the consumer behavior literature is the disconfirmation theory (Churchill and Surprenant 1982, Woodruff et al 1985, Swan 1988, Tse and Wilton (1988) as cited by Johnston (1995). Although, the disconfirmation paradigm was originally used in customer satisfaction literatures it was adopted to explain the service quality perception process of service customers' later on. The disconfirmation paradigm in service quality models is based on service quality expectation of customer and it holds that quality perception is related to the size of the disconfirmation experience, where disconfirmation is related to the person's initial expectations (Churchill and Surprenant, 1982) cited on Johnston (1995). The disconfirmation paradigm also is the basis for Parasuraman et al (1985) SERVQUAL model, which views service quality as the gap between the expected level of service and customer perceptions of the level received.

Within service management literature, there are clear differences between definitions of expectations. According to Zeithaml, Bitner and Gremler (2009), customer expectations are “beliefs about service delivery that serve as standards or reference points against which performance is judged”. Kasper, Helsdingen and Gabbott (2006) cited on Elemayar(2011) define customer expectations as “norms, values, wishes and needs”. Johnston and Clark, 2005 defined expectation as what customers believe should happen, what customers hope for (Zeithaml, Berry and Parasuraman, 1993), what customers expect from an excellent service provider (Zeithaml, Parasuraman and Berry, 1990). Broadly speaking, the first conceptualization is related to customer satisfaction/dissatisfaction literature, such as the definition developed by Zeithaml, Berry and Parasuraman, (1993) who define expectations as predictions made by customers related to what is likely to happen during an impending exchange or transaction. Therefore, it can be concluded from the above that the term “expectations” can be used to describe what customers think or believe a service organization is capable of providing (should happen) and what customers predict about service events (will happen).

2.2 Theoretical framework

2.2.1 The Origins of Service Quality Theory

The foundation of service quality theory lies in the product quality and customer satisfaction literature. Early conceptualizations (e.g., Gronroos 1982, 1984; Parasuraman, Zeithaml, and 1985) are based on the disconfirmation paradigm employed in the physical goods literature. This suggest that quality results form a comparisons of perceived with expected performance as is reflected in Gronroos’s(1982,1984) as cited by Brady and Cronin(2001), similar conceptualization of service quality that “puts the perceived service against the expected service” (Gronroos 1984,p.37, emphasis in original.) As cited by Brady and Cronin(2001), In addition to adapting the disconfirmation paradigm to the measurement of service quality, Gronroos (1982) identifies two service quality dimensions i.e., Functional quality and Technical quality. Functional quality represents how the service is delivered; that is, it defines customers' perceptions of the interactions

that take place during service delivery. Technical quality reflects the outcome of the service act, or what the customer receives in the service encounter.

(Brady and Cronin,2001) The disconfirmation paradigm also is the basis for Parasuraman et al (1985) SERVQUAL model, which views service quality as the gap between the expected level of service and customer perceptions of the level received. Parasuraman et al (1988) propose five dimensions of service quality: the reliability, Responsiveness, Assurances, Empathy, and tangibility characteristics of the service experience.

2.2.2 Service quality in the context of banking

The definition of quality is contextual one and differs from person to person. In general, the quality is basically classified into five categories, transcendent, product led, process or supply led, customer led and value led. The definition of service quality is based on customer led quality definition where quality is defined as satisfying customer's requirements (Deming, Juran, Feigenbaum and Ishikawa), relying on the ability of the organization to determine customers' requirements and then meet these requirements. Basically, service quality in banking can be viewed from two perspectives:

- Customer perspective
- Bank perspective.

Customer perspective: From the perspective of the customer, the service quality differentiates between sought quality and perceived quality. Sought quality is the level of quality customers explicitly or implicitly demand and expect from service providers. The sought quality (customer expectations) is created due to several factors, primarily, the expectations formed during a previous personal experience of a customer with a service, and the customer is influenced by the experiences of the other users and by the image of an organization. Perceived quality means the overall impression a customer has and experiences about the level of quality after service realization. The potential difference between the sought quality and the perceived quality gives the service provider an opportunity to measure customer satisfaction based on formulating the precise and actual criteria according to which the customers are assessing the services.

Providers' perspective: From the provider perspective, there are target quality and delivered quality. The focus of process or supply-led quality definition is rather internal than external, and it is defined as conformance to requirements. It lays emphasis on the importance of the management and the supply-side quality, and there is an important role of the process in determining the quality of outcome (Ghobadian, 1994). Achieving the quality of conformance between the planned (target) quality level and the real quality delivered to customers depends on the service quality management system in an organization.

2.2.3 Underlying Principles of Service Quality

According to Clow and Kurtz (2003), receiving a high level of service is important to consumers but understanding how to evaluate the service quality received is more difficult. Two consumers receiving what appears to be the exact same service from a company may evaluate the quality of the service differently. One consumer may feel the service was good while the other may feel the service was performed poorly. When discussing service quality the three underlying principles that should be kept in mind are:

1. Service quality is more difficult for the consumer to evaluate than quality of a good.
2. Service quality is based on consumers' perception of the outcome of the service and their evaluation of the process by which the service was performed.
3. Service quality perceptions result from a comparison of what the consumer expected prior to the service and the perceived level of service received. The process used by consumers in evaluating service differs from the process used for goods.

Services tend to be high in experience and credence qualities while goods tend to be high in search qualities. Search qualities are attributes that consumers can evaluate only during or after the consumption process. Credence qualities are attributes that consumers have difficulty evaluating even after consumption is complete. Experience qualities are qualities of a good or service that will be evaluated only after the service has been consumed or during the process of consumption. (Clow and Kurtz, 2003)

2.2.4 Measurement and dimensions of service Quality

Manufacturing quality measurement can largely be objective and standardized while many service measurements are perceptual or subjective. Parasuraman et al. (1985,1988) argued that the customer's perception of service quality offering is a function of five dimensions categorized as reliability, Assurance, Tangibles, Empathy, and Responsiveness and suggested SERVQUAL (a service quality measurement tool).

Cronin and Taylor (1992) argued for "Performance only" measurement of service quality and proposed a service quality measurement tool called SERVPERF. Parasuraman's SERVQUAL model is widely used to measure perceived service quality. Parasuraman et al. (1985) also found that the customer's perception of service quality depends upon the size and direction of the gap between the service the customer expects to receive and what he or she perceive to have been received. Thus, service quality is defined as the gap between customers' expectation of service and their perception of the service experience. The **gap theory** is the method for calculating the service quality that involves subtracting a customer's perceived level of service received from what was expected. (Clow and Kurtz, 2003). This gap model is one of the best-received and most heuristically valuable contributions to the service literature according to Brown and Bond (1995).

- **SERVQUAL Dimensions**

In 1985, Parasuraman et al cited in (Philip and Hazlett, 1997) developed the SERVQUAL(stands for service quality) instrument (refined in1988, 1991 and again in 1994) for the measurement of service quality/Gap 5. It has become one of the most renowned in the service quality domain since then. The original version of SERVQUAL (parasuraman et al, 1988) consists of two sections: 22-item section measure customers' service expectations of companies within a specific sector (e.g., banking), which deals with customers opinions of services, more precisely, how the customer shows the extent of what they think of the services offered by the organization. The corresponding 22-item section to measure customers' perceptions of a particular company in that sector.(Parasuraman, Zeithaml and Berry, 1991), The items of SERVQUAL are ranked on a 7-point Likert scale and customers respond to the

items by choosing a number between 1 to 7 scales that reflect their expectation and perception of a service. Service quality is then measured by calculating the difference in scores between the corresponding items (i.e. “perceptions” minus “expectations”/ P-E). A higher gap score indicates high level of service quality and vice versa. And overall service quality is computed as the sum of all the gap scores of each of the 22 items tapped from five dimensions.

1. Tangibles: the appearance of the company’s physical facilities, equipment, and personnel.

2. Reliability: The ability of the company to perform the promised service dependably and accurately without errors.

3. Responsiveness: the willingness of the company to provide service the prompt and helpful to the customer.

4. Assurance: The knowledge and courtesy of the company’s employees and their ability to convey trust and confidence.

5. Empathy: The caring, individualized attention the company provides to its customers.

Some researchers have used SERVQUAL entirely to investigate bank service while others have chosen to use a smaller number of attributes to represent each of the five dimensions. According to Brown and Bond (1995), their GAP model is one of the best received and most heuristically valuable contributions to the service literature. The pioneer study of Parasuraman et al. (1985) has been a major driving force in developing an increased understanding of and knowledge about service quality. They defined service quality as the gap between customers’ expectation of service and their perception of the service experience. The various gaps visualized in gap model are:

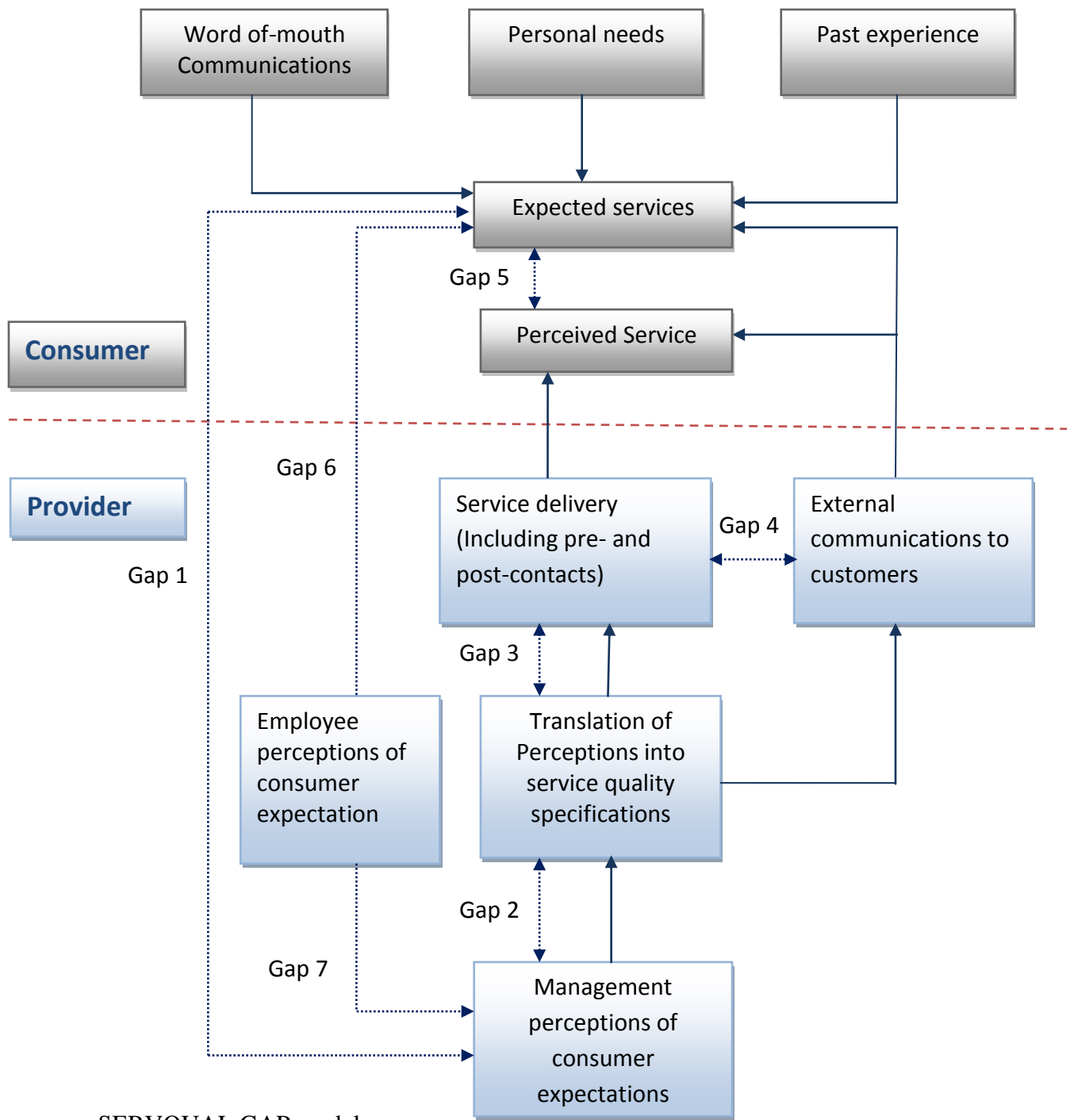
(1) **Gap 1:** Difference between consumers’ expectation and management’s perceptions of those expectations, i.e. not knowing what consumers expect.

(2) **Gap 2:** Difference between management’s perceptions of consumers’ expectations and service quality specifications, i.e. improper service-quality standards.

(3) **Gap 3:** Difference between service quality specifications and service actually delivered i.e. the service performance gap.

(4) **Gap 4:** Difference between service delivery and the communications to consumers about service delivery, i.e. whether promises match delivery.

(5) **Gap 5:** Difference between consumers' expectation and perceived service. This gap depends on size and direction of the four gaps associated with the delivery of service quality on the marketer's side. (Kumar and Charles, 2009).



- SERVQUAL GAP model

- **SERVPREF**

Developed by Cronin and Taylor (1992), is an instrument to measure service quality and customer satisfaction. It contains the same domains used in the SERVQUAL model. (Cronin & Taylor 1992) developed this model to study four service sectors: banking, pest control, dry cleaning, and fast food.

Its framework is based upon the performance theory and is a modification of the SERVQUAL model. The only difference between SERVQUAL and SERVPREF is that the SERVPREF does not take into account customer expectations. It brings into play only customer perceptions of service performance. Therefore, this model does not have a disconfirmation scale, which is the gap between expectations and perceived performance of service. It has only one part, which is the perceived performance of service. In this instrument, customers rate their perceptions of performance of the same attributes that are covered in the SERVQUAL model.

The five domains tangibles, reliability, responsiveness, assurance and empathy identified in the SERVQUAL model are equally applicable to the SERVPREF model. According to Cronin and Taylor (1994), SERVPREF can provide managers with a summary of overall service quality score, which can then be plotted in relation to time and specific customer segmentations related to consumer characteristics, for example, demographic subcategories and individual constituencies. The SERVPREF scale thus provides a useful tool for measuring the overall service quality attitudes of service managers. However, they suggest that great care should be exercised by managers of service organizations in attempting to derive more specific information from data captured by the SERVPREF scale for strategic decision making (Cronin & Taylor 1994).

SERVPREF is less complicated, more concise, more precise and easier to administer than SERVQUAL. However, (White, Abels & Nitecki, 1994) argue that the SERVQUAL model is the more attractive model because it is more comprehensive and provides better diagnostic information. Nevertheless, SERVPREF explains more of the variation in customer perceptions of service quality than SERVQUAL, as measured by R² statistics. R² can be obtained by regression analysis, wherein the single item overall service quality

measure is the dependent attribute, and the deduced five domains are the independent attributes.

- **Gronroos Model**

Gronroos (1984) relates definition of service quality with the result of the comparison that customers make between their expectations about a service and their experience of the way the service has been performed.

According to Gronroos (1984), services are produced, distributed, and consumed in the interaction between the service provider and the service receiver. Accordingly, services must be viewed from an interactive perspective. The model proposed by Gronroos (1984, 1990) focuses on the role of technical quality (or output) and functional quality (or process) as occurring prior to and resulting in outcome quality. In the model, technical quality refers to what is delivered to the customer while functional quality is regarding with how the result of the process was transferred to the customer. The model states that the consumer is not interested only on what he/she receives as an outcome of the production process, but also on the process itself. The perception of the functionality of the technical outcome (technical quality) is a major determinant of the way he/she appreciates the effort of the service provider.

2.3 Review of previous studies related with the banking sector

Service quality studies in traditional face-to-face retail banking have mostly adopted the five dimensional SERVQUAL model (Parasuraman et al. 1985, 1988)/SERVPERF (Cronin and Taylor, 1992) approach.

Various measures of service quality assessment in retail banking have been developed as follows. Adlaigan and Buttle (2002) developed a 21 item scale SYSTRA-SQ to measure perceptions of service quality among bank customers. The scale consists of the four dimensions of service system quality ' (refers to the service organization as a system and include such attributes as listening to customers, ease of availability and accessibility, speed of response, and organizational appearance) ; ' behavioral SQ ' (refers to how the service was performed by employees; ' machine SQ ' (the reliability and performance of

machines) and ‘ service transactional accuracy ’ (assessed perceptions of the accuracy of transactions in terms of both system output and employee output.

Tsoukatos and Mastrojianni (2010) developed a 27-item BANQUAL-R scale consists of 12 SERVQUAL, seven BSQ, two common in SERVQUAL and BSQ and six setting-specific items in context of Greece banking.

Sureshchandar et al. (2001; 2002) developed a 41 items/5 dimensional scale (the Human-Societal model)of perception-only in Indian context consisting of core service or service product (5 items), human element of service delivery (17 items) , systemization of service delivery (6 items), tangibles of service (6 items) and social responsibility (10 items).

Belay Adamu (2012),The paper entitled 'Service Quality and Customer Satisfaction (The Case of Cooperative Bank of Oromia)' , Main objective was to explain the relationship between service quality and customer satisfaction and overall strategy and operation of service delivery in the bank, SERVQUAL instrument and interview with management was used, The dimensions of service quality; tangible, reliability, responsiveness, assurance, and empathy were positively correlated to customer satisfaction in the study. Overall service quality explained 45.6 per cent customer satisfaction. and the dimension tangible ranked number one in predicting customer satisfaction.

Measurement of service quality, customer satisfaction and loyalty in NIB int. bank S.C, Hussen Muhye (2012), the study evaluated service quality in banking industry in case of Nib International Bank S.C and measured the relative importance of the five service quality dimensions towards customer satisfaction and loyalty to borrower and non-borrower customers, SERVPERF scale instrument was used , Variation in the service quality perception of borrower and non-borrower customers, the dimensions (tangible, reliability, responsiveness, assurance, and empathy) explained about 45 percent of the variation in overall service quality and tangibles, empathy and reliability have a significant effect on overall service quality, Positive and significant.

Tamirat Yohannes (2012), 'Factors explaining service quality in CBE', assessed the service quality and customer satisfaction in Commercial Bank of Ethiopia and to gain a better understanding of the primary service quality dimensions that affect customer satisfaction from customers' perspective, the study employed Hierarchical service quality model, The finding indicated that there is a significant positive relationship between service quality and the four primary dimensions of the model and the four dimension explained around 42 per cent of variation in overall service quality.

Merga Beji (2012), " Customer satisfaction toward the service quality of Oromia international bank of S.C", examined the perception and satisfaction the banks customers toward the service quality and its dimensions, SERVQUAL instrument was used, Positive correlation identified between the five dimension and customers satisfaction. The relationship was identified to be strong with reliability and weak with tangibles.

Yonatan Gebre (2010), 'Customers' Perception of Service Quality in Ethiopia banking sector: An Exploratory study", evaluated the level of perceived service quality in the banking sector and to prioritize the service quality dimensions in terms of their importance to customers, was used SERVQUAL instrument, The research has find out that the banking sector is falling behind in meeting customer expectations as evidenced from the higher gap score in most of the SERVQUAL dimensions, and While ranking the five dimensions .

KASSA (2012), the study assessed customer satisfaction level as related to service quality of Commercial Bank of Ethiopia. The study found that a borrower does give the same weight for the service quality of reliable, responsiveness, assurance and empathy service quality dimension than depositors. Considering the others hypothesis test confirm that all the service quality attributes are positively correlates with customer satisfaction

Adamu (2012), The study was conducted to determine the relationship between service quality and customer satisfaction, and also investigate the strategies utilized by the bank to deliver exceptional service quality and customer satisfaction through customer service. The results revealed that the assurance and empathy dimensions raised the highest level

of expectation, whereas the assurance, empathy, and tangibility dimensions fulfilled the highest level of perception.

Joshua A J, V Moli, P. Koshi (2005), the study evaluated and compared service quality in old and new banks using sample size of 480. The study found out that customers were satisfied in reliability, empathy and price and for other parameters the difference between expectations and perceptions were smaller than public sector banks.

Sharma S, et al (2007)-The study did a comparison of public and private banks with respect to perceptions of customers regarding service quality. It was found out that service quality is associated with satisfaction and there was significant difference between quality of services provided by banks. Banks in smaller cities are far behind big cities in this regard

Mohamme Khan, Siba Mahapatra(2009),The study was to identify important parameters affecting service quality in internet banking. Factor analysis of the data collected finds 7 factors which included factors like reliability, access, user friendliness and privacy. Correlation analysis shows that a significant positive correlation exists between factors. Also it was found out that business class differs from other classes in perception.

The studies mentioned above clearly points out to the importance of having a structured study on banks in different categories, compared with respect to the service quality aspect, which will help them to find out their core competencies and to capitalize on them and at the same time find out the areas where they can improve. The definitions of what service quality is also one of the most important determinate of the dimensions to be used under studies. Generally principles like Service quality is not as easy for a customer to evaluate as goods quality, service quality perception is the outcome of the comparison that a customer makes between their expectations and the performance of a service; Quality assessment not only depends on the outcome of a service, but also includes assessment of the process of service delivery, are important points screened out of the literature. The concepts of perceived and expected service quality levels are also most important pillars in identifying gaps out of service delivery in banks. both local and international papers had used different models and method of analysis to determine the

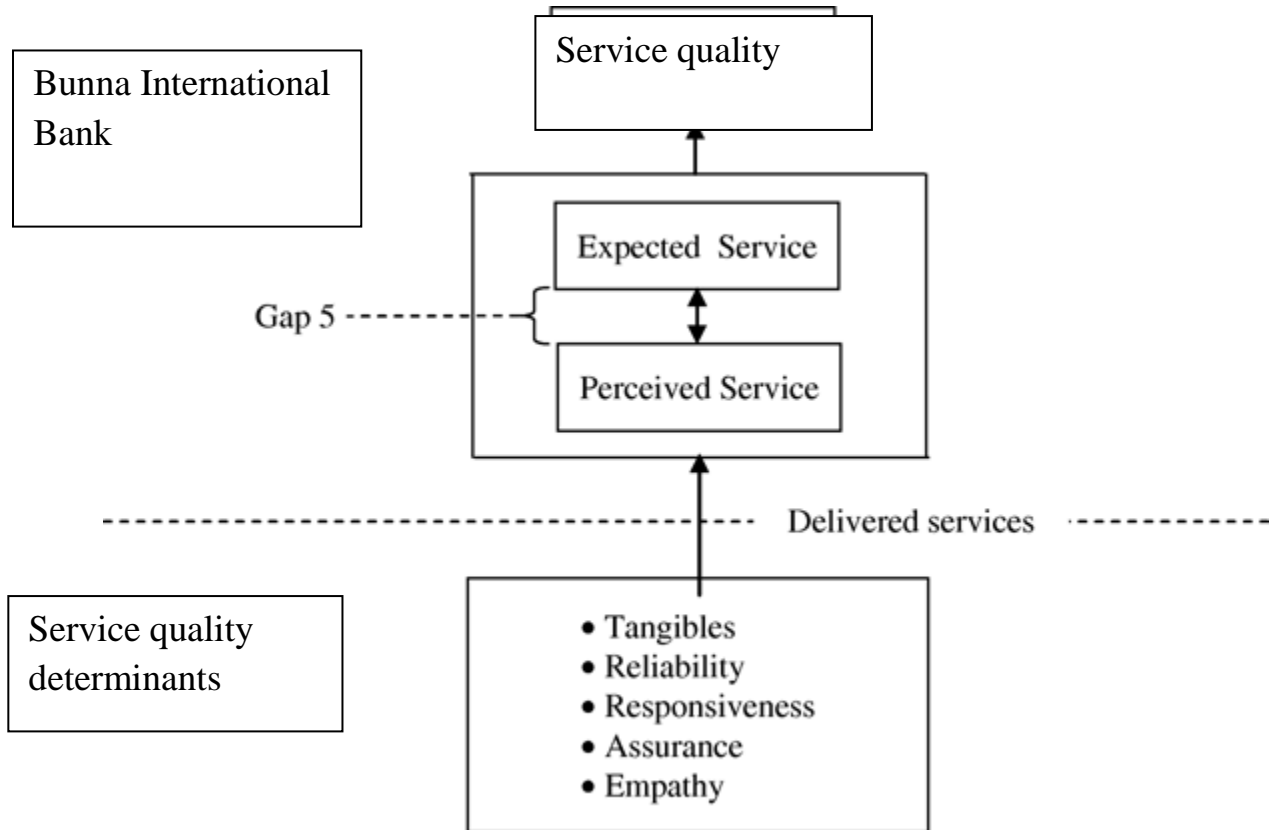
service quality and service quality determinates. among the models SERVPREF and SERVQUAL models had employed largely. The five domains tangibles, reliability, responsiveness, assurance and empathy identified in the SERVQUAL model are equally applicable to the SERVPREF model.

SERVPREF is less complicated, more concise, more precise and easier to administer than SERVQUAL. However, (White, Abels & Nitecki ,1994) argue that the SERVQUAL model is the more attractive model because it is more comprehensive and provides better diagnostic information which is accepted by the researcher in this study.

The only difference between SERVQUAL and SERVPREF is that the SERVPREF does not take into account customer expectations. It brings into play only customer perceptions of service performance. Therefore, SERVPREF does not have a disconfirmation scale, which is the gap between expectations and perceived performance of service. It has only one part, which is the perceived performance of service. In this instrument, customers rate their perceptions of performance of the same attributes that are covered in the SERVQUAL model. It has only one part, which is the perceived performance of service. In this instrument, customers rate their perceptions of performance of the same attributes that are covered in the SERVQUAL model. Hence, putting in account the research question and objective of the study this study was unable to take SERVPRFE model to study the service quality of Bunna international bank. Rather SERVQUAL that can give comprehensive information and opportunity to analyze the GAP between the perceived and expected service quality matches or discrepancies is more compatible for the study.

These studies have also concluded that there is a significant relationship between service quality and Service quality determinants of SERVQUAL model. Hence, with the proper analysis of the collected data this study identified the most important determinants of service quality and the GAP between the perceived and expected service quality at Bunna international bank in the case of sesame seed exporters using SERVQUAL model .

2.4. Conceptual framework



Source: Parasuraman *et al.* (1985, 1988, 1990 and 1991)

CHAPTER THREE

3. METHODOLOGY

This chapter explains the research methodologies and it includes paradigm, research approach, research design, research methods, research instrument & measurement scale, sampling design, source of data, validity of study, data analysis, and ethical consideration are also part of this chapter.

3.1 Research Approach

In order to study the service quality of Bunna international bank in the case of sesame seeds exporters the researcher chooses quantitative method research approach. Quantitative research involves studies that make use of statistical analyses to obtain their findings. Key features include formal and systematic measurement and the use of statistics (Geoffrey, David D. & David F., 2005)

3.2 Research design

In order to answer the problem statement and narrate with the research objectives, the nature of the study were descriptive. Descriptive research studies are those studies which are concerned with describing the characteristics of a particular individual, or of a group. The main characteristic of this method is that the researcher has no control over the variables; he/she can only report what has happened or what is happening (Kothari, 2004). The primary purpose of this research design is to determine how events occur and which ones may influence particular outcomes (Dawson & Bob 2006).

3.3 Research Method

The method of this research is survey. A survey design provides a quantitative or numeric description of trends, attitudes, or opinions of a population by studying a sample of that population. From sample results, the researcher generalizes or makes claims about the population (Creswell, 2003). Among the two types of survey which are cross sectional

and longitudinal survey the researcher uses cross sectional one. Cross-sectional surveys are studies aimed at determining the frequency (or level) of a particular attribute, such as a specific exposure, satisfaction or any other service-related event, in a defined population at a particular point in time. Independent and dependent variables are measured at the same point in time e.g., using a single questionnaire (Anol, 2012).

3.4 Research Instrument & Measurement Scale

The scale of measurement for the study is interval scale. Five points Likert scale which include weights for Perception: 1= Strongly disagree 2= Disagree 3= Neutral 4= Agree 5= strongly agree and: and the same way for Expectation. Closed ended questions were used. The closed ended questions were designed to get definite answers used for simplicity.

3.5 Sampling Design

- *Sampling procedure*
 - ✓ *Target population and sample size*

As per the information collected from Bunna international bank, in 2013/2014, there are 34 active sesame seeds exporters which are target population of the study.

Since the target population is not large the researcher took the target population as a sample size. Hence, the research used to employee 34 respondents. In the case of non-probability samples, the choice of sample size will be determined by the insight, judgment, experience or financial resource of the researcher. Thus, the researcher consider available fund and time, sample size used by similar past studies and own judgment to determine the sample size.

- ✓ *Units of Analysis*

The unit of analysis in this study is individual respondents who are the exporters of sesame seeds at Bunna international bank who receives the service provided by Bunna international bank.

3.6 Sources of Data

Primary sources of data were used for this study. Primary data was collected using structured questionnaire which contained a mixture of closed ended questions based on SERVQUAL dimensions. Beyond that, different books, journals, articles and previous studies were used.

Pilot survey was conducted on a small group (3-5 respondents) of sesame seeds exporters prior to the field survey. The pilot test was used to check if there were inconsistencies in the questions and confirm the suitability of the content of the questions.

3.7 Validity Analysis

Validity

Validity refers to the extent to which a measure adequately represents the underlying construct that it is supposed to measure (Anol, 2012). In relation to the study two validity measurements are used.

- ⇒ **Content validity** - In this case the study used SERVQUAL model which is the most appropriate tool that is used to measure service quality, most common and widely accepted model was deployed.
- ⇒ **Statistical Conclusion validity**- The right statistical tools (SPSS) were used in order to test and conclude the study, SPSS is a proven valid statistical tool.
- ⇒ **Internal validity**- While the questionnaires were distributed to the respondents the researcher had tried to manage the causality effect.
- ⇒ **External (generalizability)** - Survey research, where data is sourced from a wide variety of individuals, firms, or other units of analysis, tends to have broader generalizability (Anol) 2012. Likewise this study.

3.8. Data Analysis method

The data that are gained from the questionnaires was analyzed and interpreted using statistical package for social science (SPSS) version 16. As a result, descriptive and inferential analyses were conducted by employing different methods. From the descriptive statistics percentage, mean was used and from the inferential statistics, multiple regression and correlation were employed.

3.9 Ethical Consideration

The researcher uses the data from customers which are collected through questionnaire; permission was obtained from the customers and confidentiality of the information provided by the respondents is well kept.

Chapter Four

4. Result and Discussion

This chapter deals with the presentation, analysis and interpretation of the data. The data collected through questionnaire were presented, analyzed and interpreted to answer the research questions set at the beginning of the study.

4.1 General background information of respondents

4.1.1. Respondents Profile.

Gender of the Respondents	Frequency	Percent
Male	28	93.3
Female	2	6.67
Total	30	100.0
No of years in business	Frequency	Percent
< 5	12	40
5-10	9	30
10-15	5	16.67
>15	4	13.33
Total	30	100

Table 4.1: General personal back ground of the sample population

Source: data from fieldwork

The majority of the sample populations were males; they represent 93.3% of the total sample population. The rest 6.67% are females. The sample population was categorized & put into four ranges of years in business. The first category < 5 years are 40 % ,which are the majority of the respondents. The next year in business is from 5-10 years which accounts about 30 % of the total population. The third ranges from 10-15 years in

business which account for 16.67 % of the sample population. The rest of the respondents are 15 and above, which account for 13.33 of the total population.

4.2. Service Quality Dimensions Analysis

4.2.1 Service quality on Tangibility Dimension

Table 4.2: Mean perception, expectation and Gap Scores of Tangibility Dimension

Tangibility Dimension Service quality attributes	Perception Mean	Expectation mean	Gap Score (P-E)
Bunna international bank has modern looking equipment.	3.91	4.20	-0.29
The physical facilities at Bunna international bank are visually appealing.	3.63	4.21	-0.58
Employees at Bunna international bank are neat in their appearance.	3.29	4.01	-0.72
Materials associated with the service (pamphlets or statements) are visually appealing at Bunna international bank.	3.53	4.03	-0.5
Average mean	3.59	4.11	-0.52
Total mean	14.36	16.45	-2.09

Source: data from fieldwork

As indicated in above table, highest mean perception was indicated by exporters in the item “Bunna international bank has modern looking equipment.)” With mean of 3.91 Exporter’s second highest mean perception was indicated on item “The physical facility at Bunna international bank is visually appealing.” with a mean score of 3.63. Exporters least perception score was given to “Employees at Bunna international bank are neat in their appearance.” with a mean value of 3.29.

“Materials associated with the service (pamphlets or statements) are visually appealing at Bunna international bank.” to serve exporters was found to be the highest mean expectation item rated by Exporters with a mean score of 4.03 while “Employees at Bunna international bank are neat in their appearance.” rated as the least expectation mean by Exporters.

Regarding the SERVQUAL Gap score, the highest service quality gap is -0.72 (Employees at Bunna international bank are neat in their appearance.), while the lowest gap score is -0.29 the item, 'Bunna international bank has modern looking equipment'. From this one can conclude that there is a gap between Exporters perceived performance and their expectation with respect to tangibility, showing customers rated that Bunna international bank gives relatively lesser service quality than they have expected.

In any of the GAP results perceived service quality of the rated items don't exceed expected service quality rating of respondents. hence, the service quality expectations of sesame seeds exporters are larger than the service given on tangibility dimensions.

4.2.2. Service quality on Reliability Dimension

Table 4.3: Mean perception, expectation and Gap Scores of Reliability Dimension

Service quality attributes	Perception Mean	Expectation mean	Gap Score (P-E)
When Bunna international bank promise to do something by a certain time, they do.	3.61	3.76	-0.15
When a customer has a problem, Bunna international bank shows a sincere interest in solving it.	4.34	3.84	0.5
Bunna international bank performs the service right the promised time.	4.34	3.76	0.58
Bunna international bank provides the service at the time the service required	4.02	3.74	0.28

Bunna international bank will insist on error free records.	3.80	3.97	-0.17
Average mean Total mean	4.02	3.81	0.206
Total mean	20.11	19.07	0.5

Source: data from fieldwork

A descriptive statistical analysis was conducted to identify exporter's perceived rating of Reliability dimension. As shown in table above, the average mean perception on reliability items computed.

The highest perception mean rating has shown at the item " Bunna international bank performs the service right the promised time' and ' When a customer has a problem, Bunna international bank shows a sincere interest in solving it' had rated equally with a perception score of 4.34. the lowest perception mean registered for the item " When Bunna international bank promise to do something by a certain time, they do' with a mean value of 3.61.

On the other hand, the highest expectation mean rating was given for the item ' Bunna international bank will insist on error free records' with expectation mean score of 3.97. The lowest expectation mean score rated to the item ' Bunna international bank provides the service at the time the service required'

The highest gap score was recorded on items "Bunna international bank performs the service right the first time." with a Gap score of 0.58 which showed Bunna international bank provides better service quality than the respondents' expectation. The lowest gap score was shown for the item When Bunna international bank promise to do something by a certain time, they do.' with a GAP value of -0.15. Here, the perception exceeds the expectation of the respondents.

Among the factors that determines the reliability dimensions respondents rated three factors positive to the service provision. Generally standing from the data given Bunna international bank has service that exceeds exporters perception on the three factors.

4.2.3 Service quality on Responsiveness Dimensions

Table 4.4: Mean perception, expectation and Gap Scores of Responsiveness Dimension

Service quality attributes	Perception Mean	Expectation mean	Gap Score (P-E)
Employees of Bunna international bank tell customers exactly when services will be performed.	3.93	4.57	-0.64
Employees of Bunna international bank give prompt service to customers.	3.35	4.16	-0.81
Employees of Bunna international bank are always willing to help customers.	4.45	4.70	-0.25
Employees of Bunna international bank are never be too busy to respond to customers' requests.	4.43	4.60	-0.17
Average mean	4.04	4.51	-0.47
Total mean	16.16	18.03	-1.87

Source: data from fieldwork

The Responsiveness dimension of the SERVQUAL instrument is comprised of four questions, which assess exporters' perceptions of the responsiveness aspects. When looking at each of the four factors making up the responsiveness dimension of service quality, the expectations of exporters exceed their perceptions in four of the areas. hence, the score GAP between the perception and expectation is negative which basically shows low service quality.

The highest mean perception of responsiveness attribute of service quality is assigned to the "Employees of Bunna international bank are always willing to help customers." with perception mean score of 4.45. the lowest mean perception referred "Employees of Bunna international bank give prompt service to customers." with mean score of 3.35.

On the other hand, the highest and lowest mean expectation of responsiveness attribute is referred to item “Employees of Bunna international bank are always willing to help customers.” and ‘Employees of Bunna international bank give prompt service to customers.’ with a expectation mean score of 4.7 and 4.16 respectively.

‘Employees of Bunna international bank give prompt service to customers’ item score highest gap and the lowest score given to ‘Employees of Bunna international bank are never be too busy to respond to customers’ requests.’ with GAP score of -0.81 and -0.17 respectively. Hence, although all the factors in the responsiveness dimensions do have GAP, the bank has to put a due concern in given more attentions to improve quality problems for the GAP shown at prompt service factor, which is wider among perceptions and expectation of sesame seeds exporters.

4.2.4 Service quality on Assurance Dimensions

Table 4.5: Mean perception, expectation and Gap Scores of Assurance Dimension

Service quality attributes	Perception Mean	Expectation mean	Gap Score (P-E)
The behavior of employees in Bunna international bank instills confidence in customers	3.77	4.11	-0.34
Customers of Bunna international bank feel safe in transactions.	4.34	3.78	0.56
Employees of Bunna international bank are consistently courteous with customers.	4.26	3.77	0.49
Employees of Bunna international bank will have the knowledge to answer customers' questions.	3.85	4.17	-0.32
Average mean Total mean	4.05	3.96	0.09
Total Mean	16.22	15.83	0.39

Source: data from fieldwork

The Assurance dimension of the SERVQUAL instrument is comprised of questions 14-17 which exporters' perceptions of the assurance aspects of BIB. When looking at each of the four factors making up the assurance dimension of service quality, the perception of exporters slightly exceeded their expectations in two factors, those factors are 'Customers of Bunna international bank feel safe in transactions' and 'Employees of Bunna international bank are consistently courteous with customers'.

The item ' Customers of Bunna international bank feel safe in transactions' had got the high rating with perception mean of 4.34. The lowest perception mean score was given to the item 'The behavior of employees in Bunna international bank instills confidence in customers' with perception mean score of 3.77.

The lowest expectation mean (3, 77) was observed on item “Employees of Bunna international bank are consistently courteous with customers.” and the highest expectation mean score was given to 'Employees of Bunna international bank will have the knowledge to answer customers' questions ' with a mean score of 4.17.

On the other hand the highest gap ' Customers of Bunna international bank feel safe in transactions.' with a positive gap value of 0.56 and the lowest gap was given to the item ' Employees of Bunna international bank will have the knowledge to answer customers' questions ' with a mean value of -0.32.

This shows that BIB has gave better service quality in the overall assurance dimensions. the high positive value of the GAP value shown that BIB has gave far better service than exporters expectations. despite, the negative values shown on the table that can be interpreted as the existence of service GAP between customers perceptions and expectations, which literally mean service quality lacking, the Assurance dimensions shows positive service provisions respective with the expected service.

4.2.5 Service quality on Empathy Dimensions

Table 4.6: Mean perception, expectation and Gap Scores of Empathy Dimension

Service quality attributes	Perception Mean	Expectation mean	Gap Score (P-E)
Bunna international bank gives customers individual attention.	3.68	4.15	-0.47
Bunna international bank has operating hours convenient to all their customers.	4.01	3.37	0.64
Bunna international bank has employees who give customers personal service.	3.49	4.12	-0.63
Bunna international bank has their customers' best interest at heart.	3.48	4.15	-0.67
Mean Average	3.66	3.95	-0.29
Mean Total	14.66	15.79	-1.13

Source: data from fieldwork

The Empathy dimension of the SERVQUAL instrument is comprised of questions 18-22 which assess exporters' perceptions of the empathy aspects.

the highest perception mean score of empathy was given to the item ' Bunna international bank has operating hours convenient to all their customers' with perception mean score of 4.01 and the lowest perception score was given to ' Bunna international bank has their customers' best interest at heart.'

Likewise the highest expectation mean was scored to ' Bunna international bank gives customers individual attention' and ' Bunna international bank gives customers individual attention.' with a mean score of 4.15.

Unlike the other items in the empathy dimensions the item ' Bunna international bank has operating hours convenient to all their customers.' had got positive gap, the perception of sesame seeds exporters exceeded the expectation rated with a positive value of 0.64.

Table 4.7. Summary of Expectation and Perception Gap

SERVQUAL dimensions	Perception mean total	Average mean perception	Expectation mean total	Average mean expectation	Gap (P-E) total
Tangibility	14.36	3.59	16.45	4.11	-2.09
Reliability	20.11	4.02	19.07	3.81	0.5
Responsiveness	16.16	4.04	18.03	4.51	-1.87
Assurance	16.22	4.05	15.83	3.96	0.39
Empathy	14.66	3.66	15.79	3.95	-1.13

Source: Source: data from fieldwork

As the above table indicates, sesame seeds exporters reported that the greatest perception mean average is for Assurance (4.05) followed by Responsiveness (4.04) and reliability (4.02) and Empathy (3.66). However, the lowest mean perception as perceived by sesame seeds exporters at Bunna international bank had revealed is Tangible (3.59). This reveals that Bunna international strongest service performance is at Reliability and the weakest is at Empathy.

On the other hand, the highest mean expectation reported in BIB were on responsiveness (4.51), followed by Tangibility (4.11) While, the lowest mean expectation as reported for Reliability (3.81).

This also revealed that respondents do have high expectation towards Responsiveness dimension of service quality and low expectation toward Reliability.

The researcher also tried to see the Gap difference between perception and expectation on the five dimensions of service quality and found that the highest gap -2.09 was observed on tangibility .whereas, Reliability and assurance has positive Gap, which

reflects the better quality service provisions of Bunna international bank for sesame seeds exporters, the exporters perception exceeds their expectations on the two dimensions.

The Gap shown at tangibility with Gap score of -2.09 refers the lack of service quality among the perceived quality factors under the dimension, Likewise responsiveness and empathy do have a negative Gap referring the higher perception mean than the expected mean score which also assures lack of service quality on the given dimensions.

4.3 Correlation analysis

This study employs the correlation analysis, which investigates the relationships between the dimensions. Pearson correlation analysis was used to provide evidence of convergent validity. Pearson correlation coefficients reveal magnitude and direction of relationships (either positive or negative) and the intensity of the relationship (-1.0 to +1.0). Correlations are perhaps the most basic and most useful measure of association between two or more variables (Marczyk, Dematteo and Festinger, 2005). As per Marczyk, Dematteo and Festinger, (2005) general guidelines correlations of .01 to .30 are considered small, correlations of .30 to .70 are considered moderate, correlations of .70 to .90 are considered large, and correlations of .90 to 1.00 are considered very large. Depending on this assumption, all basic constructs were included into the correlation analysis and a bivariate two tailed correlation analysis was done.

Table 4.8 Correlation table

		Correlations					
		Tangible s	Reliabilit y	Responsive ness	Assuranc e	Empath y	Q23
Tangibles	Pearson Correlation	1	.320**	.182**	.285**	.058	.480**
	Sig. (2-tailed)		.000	.002	.000	.636	.000
Reliability	Pearson Correlation	.320**	1	.251**	.467**	.016	.675**
	Sig. (2-tailed)	.000		.000	.000	.775	.000
Responsiveness	Pearson Correlation	.182**	.251**	1	.120**	.180**	.250**
	Sig. (2-tailed)	.002	.000		.085	.027	.000
Assurance	Pearson Correlation	.285**	.467**	.120**	1	.061**	.623**
	Sig. (2-tailed)	.000	.000	.085		.273	.000
Empathy	Pearson Correlation	.058	.016	.180**	.061**	1	.101**
	Sig. (2-tailed)	.636	.775	.027	.273		.000
Q23	Pearson Correlation	.480**	.675**	.250**	.623**	.101**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	

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

* . Correlation is significant at the 0.05 level (2-tailed).

4.3.1 RELATIONSHIP BETWEEN TANGIBILITY AND OVERALL SERVICE QUALITY

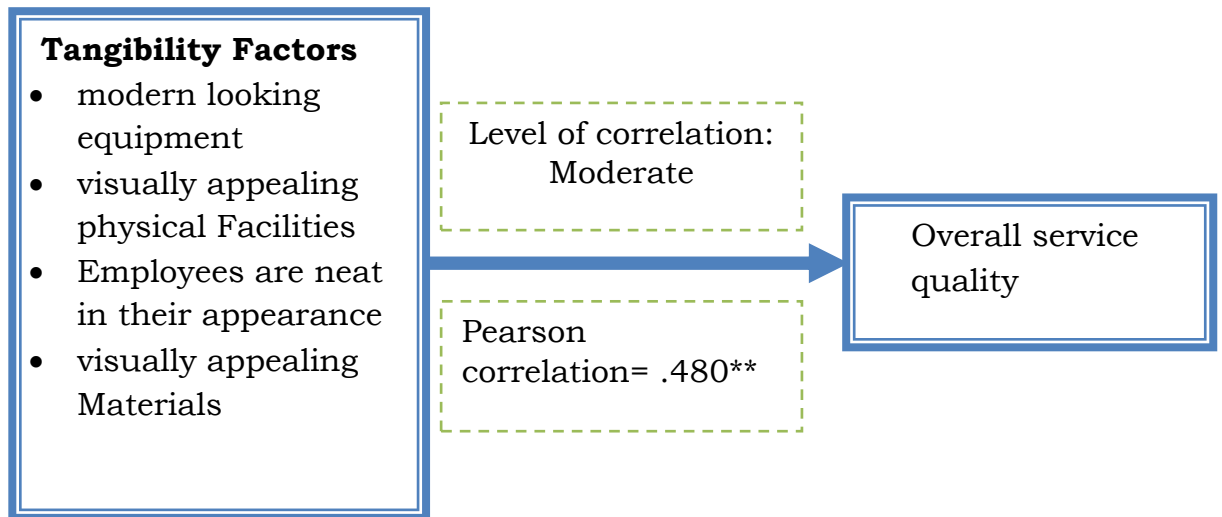


Fig4.1: Tangibility correlation with overall service quality

The above figure depicts the relationship between the four factors of tangibility dimensions and overall service quality. As indicated in the figure that there is moderate relationship between tangibility and overall service quality($r=.480$) at significance level of < 0.01 .

4.3.2 RELATIONSHIP BETWEEN RELIABILITY AND OVERALL SERVICE QUALITY

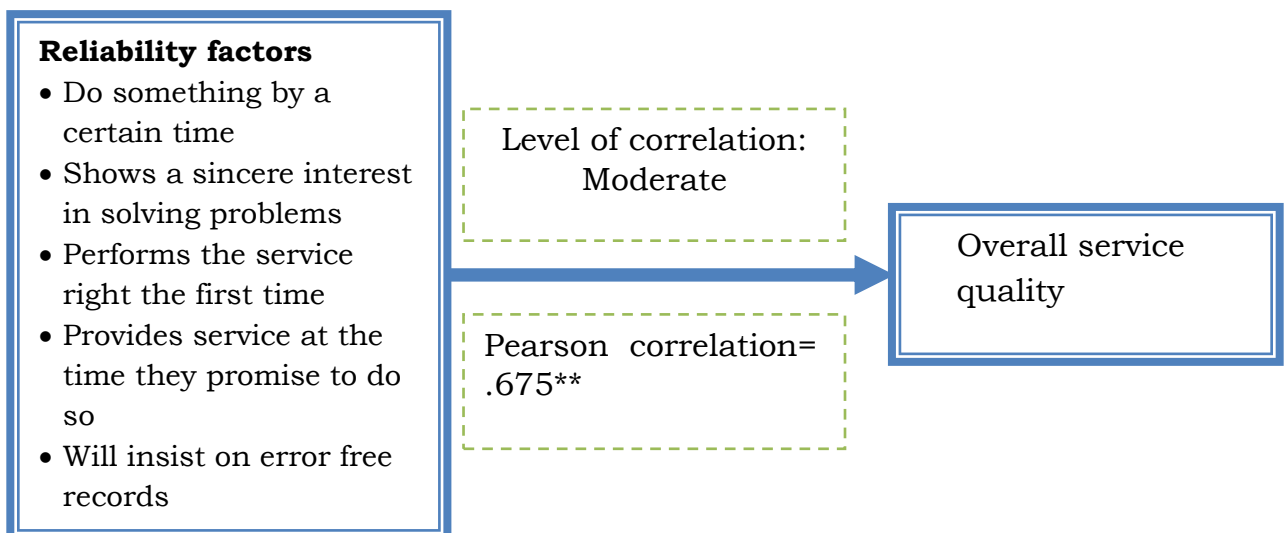


Fig4.1: Reliability correlation with overall service quality

The above figure depicts the relationship between reliability and overall service quality and the result indicated that there is moderate relationship between reliability and overall service quality ($r=.675$) at significance level of <0.01 .

4.3.3 RELATIONSHIP BETWEEN RESPONSIVENESS AND OVERALL SERVICE QUALITY

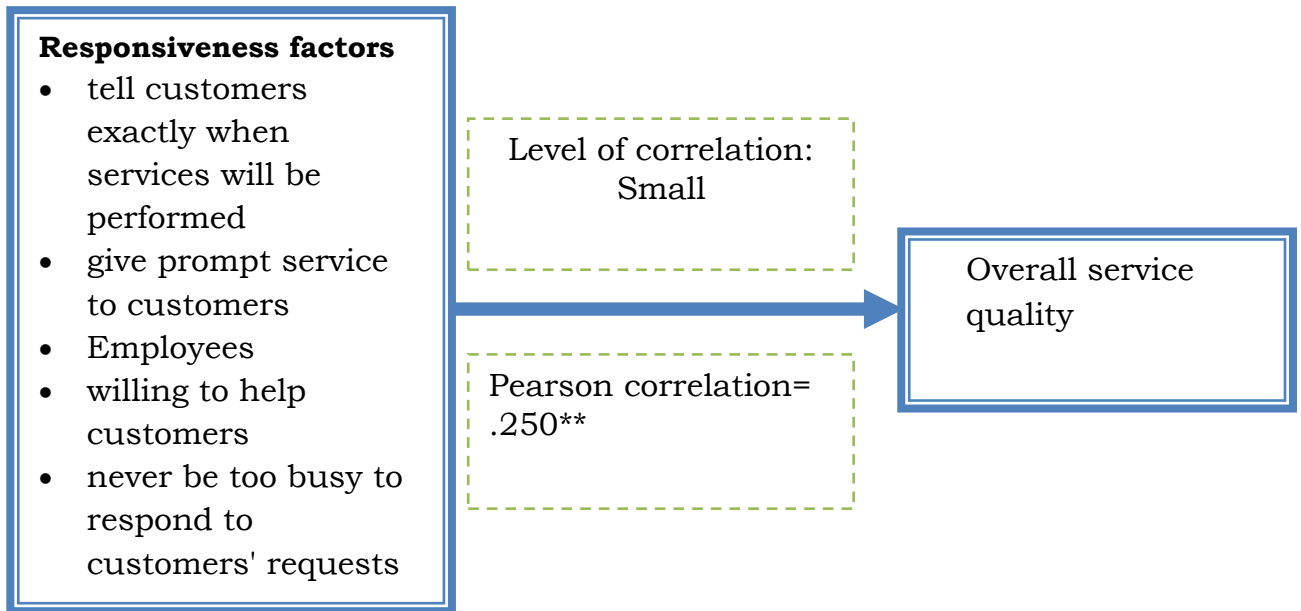


Fig4.1: Responsiveness correlation with overall service quality

There is also small relationship between responsiveness and overall service quality ($r=.250$) at significance level of <0.01 .

4.3.4 RELATIONSHIP BETWEEN ASSURANCE AND OVERALL SERVICE QUALITY

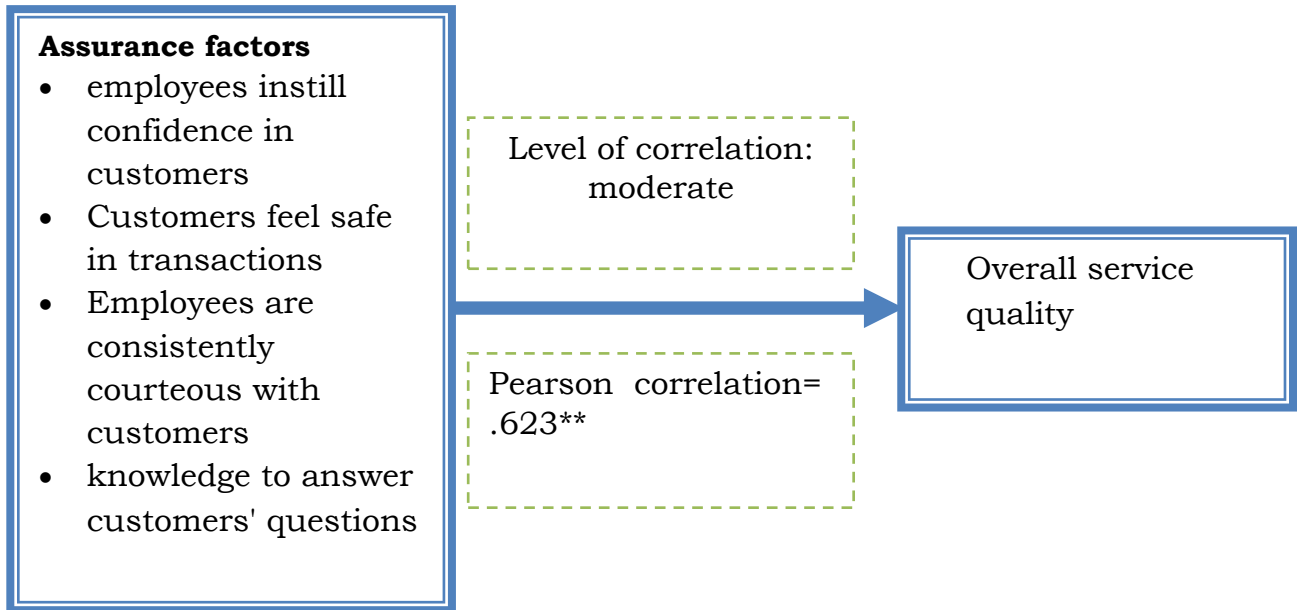


Fig4.1: Assurance correlation with overall service quality

Assurance dimension with the overall service quality is also moderate correlation with $r=.623$ at a significant level of p value of <0.01 .

4.3.5 RELATIONSHIP BETWEEN EMPATHY AND OVERALL SERVICE QUALITY

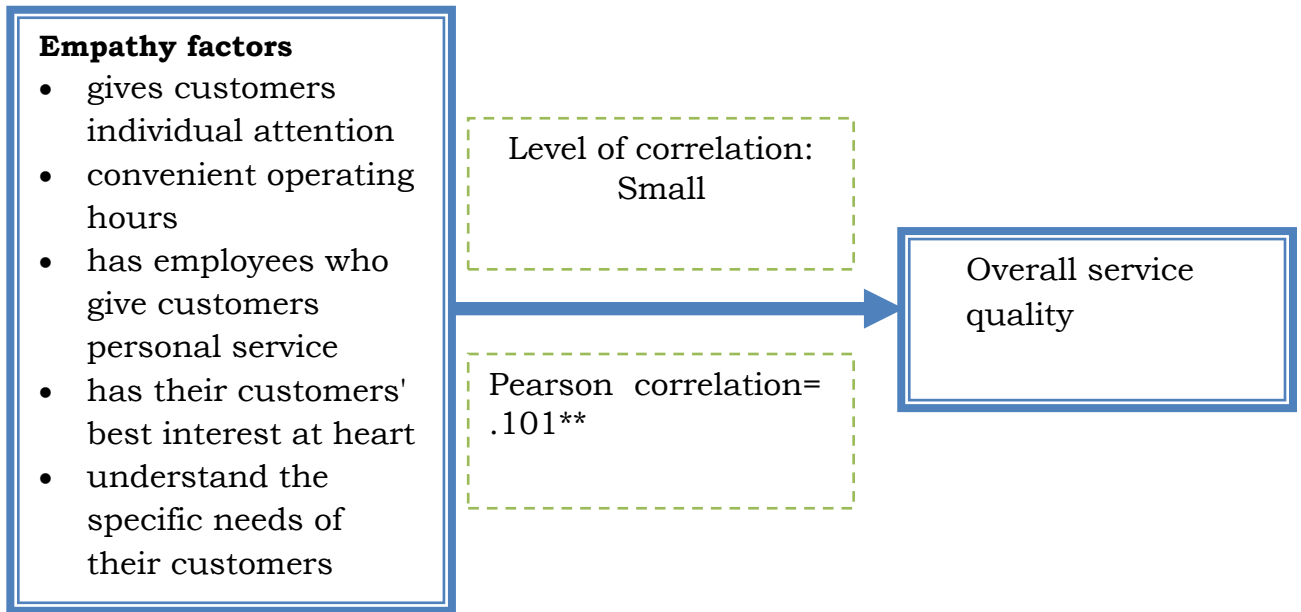


Fig4.1: Empathy correlation with overall service quality

Empathy had small relationship with the overall service quality with $r=.101$ at a significant level of <0.01 .

Therefore, according to the correlation analysis done all the five dimensions had significant relationship with the overall service quality given by Bunna international bank. But, reliability, assurance and tangibility have a moderate relationship with overall service quality. On the other hand responsiveness and empathy shown small correlation at significance level $<0.01\%$. There was no any negative value shown at the correlation table, there was no insignificance reading also. From the above result, one can see that, Bunna international bank has to do more and put efforts to improve service related to tangibility, reliability and assurance in better since they have more effect on the provisions of the service quality.

➤ **Table 4.9: Summary of correlation analysis**

Independent Variables	Correlation value	<i>Dependent Variables</i>	Results
Tangibles	.480**	Overall perceived service quality	Correlates
Reliability	.675**	Overall perceived service quality	Correlates
Responsiveness	.250**	Overall perceived service quality	Correlates
Assurance	.623**	Overall perceived service quality	Correlates
Empathy	.101**	Overall perceived service quality	Correlates

4.4. Regression analysis

Table 4.10 Regression result

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.299	.227	1.418	.176	.295
	Tangibility	.181	.026	.231	6.598	.000
	Reliability	.398	.034	.447	9.672	.000
	Responsiveness	-.036	.047	-.026	-.871	.391
	Assurance	.287	.029	.387	8.987	.000
	Empathy	.58	.027	.073	1.642	.035

a. Dependent Variable: Q23

Source: Data from filed work

The relative importance of the significant predictors is determined by looking at the standardized coefficients. Reliability has the highest standardized coefficient and they have significant relationship. Which means reliability is the best predictor in this study context. Next to reliability assurance is the best predictor of customer satisfaction followed by tangibility. Analyzing table results, the order of significance for predictors of overall service quality, responsiveness predicts insignificantly.

4.5. The Most important Predictor of Overall Service quality

The findings of the regression analysis reveal that the customers' perceived service quality provided by BIB and where by the overall evaluations of service quality was determined largely by the three factors namely, "reliability" which appears to be the most important dimension in predicting service quality, "assurance" and "tangibility" as well.

The effect of "responsiveness" such as telling you exactly when services will be provided, give prompt service, willingness to help, and respond to requests promptly is insignificant factor on overall service quality and "empathy" such as able to communicate effectively, shows personal attention, knows specific needs, convenient time management is found to be less significant.

Table 4.11: Predictors of overall service quality Rank

	Dimension	Beta	T	Significance
1st	Reliability	.447	9.672	.000
2nd	Assurance	.387	8.987	.000
3rd	Tangibility	.231	6.598	.000
4th	Empathy	.073	1.642	.035
5th	Responsiveness	-.026	-.871	.391

Chapter Five

5. Conclusion and Recommendation

5.1 Summary of findings

According to Gilbert and Wong (2002), understanding what customers expect is essential to provide desired quality service. The expectations construct has been viewed as playing key role in consumer evaluation of service quality (Gronroos, 2001; Parasuraman *et al.* (1985;1988). Parasuraman *et al.* (1988) defined expectation as “desires or wants of consumers, i.e. what they feel a service provider should offer rather than would offer”. The expectations component was designed to measure customers’ normative expectations, and is “similar to the ideal standard in the customer satisfaction/dissatisfaction literature (Zeithaml and Bitner, 1996).

In summarizing the result of the study, Gap difference between perception and expectation on the five dimensions of service quality are found that the highest gap -2.09 was observed on tangibility .whereas, Reliability and assurance has positive Gap, which reflects the better quality service provisions of Bunna international bank for sesame seeds exporters, the exporters perception exceeds their expectations on the two dimensions.

The findings of the regression analysis also reveal that the customers perceived service quality provided by BIB and where by the overall evaluations of service quality was determined largely by the three factors namely, “reliability” which appears to be the most important dimension in predicting service quality, "assurance" and “tangibility” as well, with standardized coefficient of .447, .387 and .231 respectively

Beyond that the research conducted out the correlation analysis and found out that all the five SERVQUAL dimensions are correlated at different levels, out of the five dimensions three, reliability, assurance and tangibility are found to have moderate correlation with the overall service quality which is the dependent variable. Two dimensions, responsiveness and empathy dimensions out of five found to have small correlation.

5.2 Conclusion

This study originated to examine the effect of service quality dimensions on overall export banking service quality of Bunna international bank in case of sesame seed exporters. In this study SERVQUAL dimensions (reliability, responsiveness, assurance, empathy and tangibles) were applied and two basic research questions thus are; what are the main dimensions of Bunna international bank service quality to sesame seeds exporters? Is there any gaps that sesame seeds exporters have among expected service and the actual service being delivered, were raised; accordingly the research found out the following conclusions for the research question

The findings of the regression analysis reveal that the customers perceived service quality provided by BIB and where by the overall evaluations of service quality was determined largely by the three factors namely, “reliability”, "assurance" and “tangibility” which appears to be the most important determinant dimension in predicting service quality.

Gap difference between perception and expectation on the five dimensions of service quality and found that the highest negative gap -2.09 was observed on tangibility which reflects the poor tangibility arrangements of BIB. .whereas, Reliability and assurance has positive Gap, which reflects the better quality service provisions of Bunna international bank for sesame seeds exporters, the exporters perception exceeds their expectations on the two dimensions. Hence, BIB has better service quality regarding reliability and assurance.

According to the correlation result the five dimensions of SERVQUAL model are correlated with the overall service quality at a significance level of <0.01 . There is no negative correlation among the dimensions.

5.3. Recommendation

Based on the above conclusions, the following recommendations can be forwarded:

- ✚ As clearly shown on the correlation findings all the five dimensions are correlated with the overall service quality, at different levels. Hence, BIB shall give proper

and due concern for all the five dimensions, namely, tangibility, reliability, responsiveness, assurance and empathy. But, dimensions moderately correlated, tangibility, reliability and assurance, with the overall service quality should have to pay relatively high concern in improving export banking service.

- ✚ The bank should also give proper concerns for reliability and assurance dimensions, in improving the export banking service of the bank, since the two dimensions are the most important predictors of export banking service of Bunna international bank.
- ✚ BIB shall maintain and strength the service quality given on reliability and assurance; the GAP analysis of the perceived and expected service quality has shown there is positive GAP between the two dimension that assures better level of service provision more than the expectations set by sesame seeds exporters.
- ✚ On the other hand BIB shall give more due concerns for responsiveness, tangibility and empathy dimensions; the GAP analysis proves the three dimensions reflected a negative GAP that refers lacking of proper service provisions on the given dimensions.
- ✚ Finally, taking in to account the findings of the study on this paper, BIB shall put emphasis in conducting further studies including all exporters in the bank exporting different commodities so as to understand the existing situation in abrader way and to set further solutions.

5.4. Implications for Further Research

From what can be seen from the study, it can be concluded that this paper gives sort of findings to the bank included in the study and for those who are interested in this topic of study to have more insight into the industry.

With respect to future projects, this study focused only on one bank. Therefore, further study can be done by incorporating other banks or service providers by which it can also be adopted across different nations.

Questionnaire for respondents

This survey questioner is designed to measure service quality of services that are provided by Buna international bank for Ethiopian sesame seeds exporters. Please take a few minutes to give your most thoughtful answers. Your participation is greatly appreciated and all responses will be kept confidential. There are no right and wrong answers. All we are interested in is your opinion on quality of services at Bunna international bank service on export business.

Part I – Questions Related to Personal Information

1. Gender

Male Female

2. Years in business sector as an exporter

Below 5 5-10 10-15 over 15

DETERMINANTS		EXPECTATION					PERCEPTION				
		5	4	3	2	1	5	4	3	2	1
Tangibles											
1.	Bunna international bank has modern looking equipment.										
2.	The physical facilities at Bunna international bank are visually appealing.										
3.	Employees at Bunna international bank are neat in their appearance.										
4.	Materials associated with the service (pamphlets or statements) are visually appealing at Bunna international bank.										
Reliability											
5.	When Bunna international bank promise to do something by a certain time, they do.										
6.	When a customer has a problem, Bunna international bank shows a sincere interest in solving it.										

20.	Bunna international bank has employees who give customers personal service.												
21.	Bunna international bank has their customers' best interest at heart.												
22.	The employees of Bunna international bank understand the specific needs of their customers.												

- OVERALL PERCEIVED SERVICE QUALITY

Please make a circle on your overall view on the service quality of Bunna international bank

Very Good	Good	Neutral	Not Good	Poor
5	4	3	2	1

Thank you for your patience and cooperation!!

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