ASSESSING THE EFFECT OF QUALITY ON CUSTOMER SATISFACTION: THE CASE OF WEGAGEN BANK

By

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Marketing Management Graduate Program

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Approved by Board of Examiners

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External Examiner	Signature

DECLARATION

I Elsa Habte, hereby declare that the thesis entitled "**ASSESSING THE EFFECT OF QUALITY ON CUSTOMER SATISFACTION: THE CASE OF WEGAGEN BANK**". This work is original in nature and is suitable for submission for the award of Master of Marketing Management of Addis Ababa University.

Elsa Habte	______________________	may 2014
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CERTIFICATION

This is to certify that Elsa Habte has completed her thesis work entitled **ASSESSING THE EFFECT OF QUALITY ON CUSTOMER SATISFACTION : THE CASE OF WEGAGEN BANK.**

As I have evaluated, her research is appropriate to be submitted as a partial fulfillment requirement for the Award of Degree in Masters of Marketing Management.

Thesis Advisor: ____________________________

Signature and Date

Teklegiorgis Assefa (Asst.Prof.)

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Acronyms and Abbreviation

SERVQUAL –service quality measurement tool

SERVPERF service - service performance

WB - Wegagen Bank

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ABSTRACT

In today's world business environment satisfying a customer is the ultimate goal and objective of all businesses. Customer satisfaction is a fundamental marketing construct especially for service producing companies and they have adopted it as a high priority operational goal.

The main purpose of this study was to assess service quality and examine the impact of SERVPERF dimensions on the customer satisfaction at Wegagen Bank. The researcher employed questionnaire survey approach to see the attitude of the customers of Wegagen Bank and in this case SERVPERF instruments originally proposed by Gronroos (1990) and more developed by Cronin and Taylor (1992) applied the dimensions in designing questionnaire. In depth Interview was employed to collect data from the organization marketing manager. The researcher took 250 sample respondents from five branches; the sampling method applied was convenience and purposive sampling. The data analysis was conducted through statistical techniques such as descriptive statistics, Bivariate correlations and multiple linear regressions by using SPSS and Microsoft Excel.

The finding indicates that the service quality of the organization is good based on the result of those dimensions. From this, the highest perceived service quality is observed in responsiveness and assurance. The regression result shows empathy has highest impact on customer satisfactions followed by assurance and responsiveness. From the data collected and result of the analysis, the study indicate that the five dimensions of service quality are positively correlated with the bank customer satisfaction, For this, the bank is advised to give strong emphasis to all the service quality dimension in maintaining and improving the service quality the bank provides.

Key words: Service quality, customer satisfaction, SERVPERF dimensions

Chapter one

Introduction

1.1 Background of the Study

In service industries, globally, the subject of service quality remains critical as businesses strive to maintain a comparative advantage in the marketplace, since financial services, particularly banks compete in the marketplace with generally undifferentiated products, and service quality becomes a primary competitive weapon. It is true that structural changes have resulted in banks being allowed a greater range of activities, enabling them to become more competitive with non-bank financial institutions (Mohammed H., and Shirley L., 2009).

Currently, technological changes are causing banks to rethink their strategies for services offered to both commercial and individual customers. Moreover, banks that excel in quality service can have a distinct marketing edge since improved levels of service quality are related to higher revenues, increased cross-sell ratios and higher customer retention, and expanded market share. Moreover, the banks understand that customers will be satisfied if they can produce greater value than competitors. In addition, higher profits will be earned by the banks if they can position themselves better than their competitors within a specific market. Therefore, banks should focus on service quality as a core competitive strategy (Juan C. et al 2006).

Customer satisfaction is the concept that occupies a central position in marketing thought and practice (Potluri & Mangnale, 2010). Customer satisfaction is actually how customer evaluates the ongoing performance (Gustafsson, Johnson & Roos, 2005) and it is a critical issue in the success of any business system in today's business world (Ahmed et al., 2010).

Customer satisfaction is influenced by various factors. Service quality is the main driving factor for satisfaction of customers in service sectors (Andaleeb and Conway 2006). Therefore a firm should concentrate on the improvement of service quality and charge appropriate fair price in order to satisfy its customers who would ultimately help the firm to retain its customers (Gustafsson et al., 2005).

Service quality is the result of the comparison that customers make between their expectations about a service and their perception of the way the service has been performed (Gronroos, 1984; Parasuraman et al., 1985, 1988). A number of experts define service quality differently. It is the differences between customers' expectation of services and their perceived service (Parasuraman et al. (1985) if the expectation is greater than the service performance, perceived quality is less than satisfactory and hence, customer dissatisfaction occurs. Other defines service quality as the extent to which a service meets customers' need and expectation (Keir, C and Mitchell 1990), (Dotchin and Oakland 1994), and (Asubonteng et al. 1996).

Service quality has become a significant differentiator and the most powerful competitive weapon which many leading service organizations possess (Berry et al. 1998), Leading service organizations strive to maintain a superior quality of service in an effort to maintain a satisfied customer base.

To measure the service quality researchers used SERVQUAL and Gronroos's model in various aspects of business environment. However, the dimension of quality and the measurement approach of the service quality and its relationship with customer's satisfaction are still been unsettled (Owlia and Aspinwall 1996; Parasuraman et. al., 1993; Cronin, Taylor, 1994; Carman, 1990; Buttle, 1996). In spite of the ongoing debate and development of new theory, numerous researchers have agreed on the significances of service quality and its impact on customer satisfactions (Arambewela, 2006; Ben, 2007; Boshoff, 2004). That satisfaction is a function of the disconfirmation of performance from customer's expectation (Oliver 1980) Some other theorists also mentioned the same concept that the quality plays a major role on consumer satisfaction (Omar and Schiffman, 1995, Gremler et.al., 2001, Radwin, 2000; Kumar et.al., 2008).

Customers perceive services in terms of the quality of the service and how satisfied they are overall with their experiences (Zeithaml and Bitner, 2003). Satisfaction is the consumer's fulfillment response (Oliver, 1997). Recently, there has been a keen interest, especially in banking, where banks are looking at the life time value of the customer base rather than focusing on the cost of transactions.

Good knowledge of the characteristics and advantages of service quality on the part of banks did contribute for their success and their persistence in the international banking competitive environment (Huseyin, et al., 2005). Thus, the quality of banking service was an integrative assessment of the services offered to the customers, for clients were considered to be independent individuals with various requirements on the basis of which services were provided, based on certain specification.

Another study on banking sector argued that "…the positive effects exerted by e-service quality on customers' satisfaction while these effects increase the bank's benefits" (Al-Hawari and Ward 2006). Although there were empirical studies which demonstrated that customer satisfaction completely mediated the relationship of service quality and loyalty that banks had to care about the quality of their services since this quality was considered the essence or core of strategic competition (Ibánez, et. al., 2006; Lanka, et. al., 2009; Hossain and Leo 2009).

The main purpose of this research is to assess service quality of Wegagen Bank and its effect on customer satisfaction. Wegagen Bank is a privately owned share company which started operations on June 11,1997 with a subscribed capital of birr 60 million and a paid up capital of birr 30 million, has by now 2,154 shareholders and its total capital (including premium and reserves) reached birr 1.4 billion(April 30,2013).

Wegagen Bank offers full- fledged banking services and product for the customer by improving the service offers and adopting new technology from time to time in order to enhance the service quality and to increase customer satisfaction which helps to achieve customer retention and the long term success of the organization. The organization performs its activity to provide a wide range of quality banking service through a dynamic workforce and up-to-date IT solutions to satisfy the desires of all stakeholders.

1.2 Statement of the Problem

The financial services industry is changing rapidly (Firdaus Abdullah, Rosita Suhaimi, Gluma Saban and Jamil Hamali, 2011). Technology, government regulation, and increasing customer sophistication are forcing financial service institutions to re-evaluate their current business practices. Financial institutions across the globe are re-examining how they are meeting their customer's needs today and developing business plans needed to align them strategically to remain competitive and profitable in the future.

As any service industry, Wegagen Bank also should provide a quality service that satisfies its customer needs and to achieve the long run objective of the organization. In order to achieve this objective it requires continuous improvement of the service and tracking customer requirements periodically or continuously besides to achieving the objective it help to retain customers for long periods and satisfying their requirements in the best way by achieving service excellence.

Research questions

What is the overall satisfaction of customers with the service provided by Wegagen Bank?

1. What are the major factors that affect or determine service quality in the Wegege Bank?
2. How does service quality relate to customer satisfaction in the Wegagen Bank?
3. Which service quality dimension is getting the highest perceived quality by the customer of Wegagen Bank?
4. What is the overall level of satisfaction of customers with Wegagen Bank?
5. What are the dominant SERVPERF dimensions in affecting customer satisfaction at Wegagen Bank?

1.3 Objectives of the study

1.3.1 General Objective

The main objective of the study is to assess service quality and its effect on customer satisfaction at Wegagen Bank.

1.3.2 Specific Objectives

1. To describe the dominant SERVPERF dimensions and their impact on customers' satisfaction towards Wegagen Bank
2. To examine the SERVPERF dimensions that affect service quality in Wegagen Bank
3. To assess the relationship between service quality dimensions and customer satisfaction towards Wegagen Bank
4. To assess whether perceived SERVPERF dimensions are applicable or not at Wegagen Bank
5. To describe the level of customer satisfaction towards Wegagen Bank
6. To suggest possible courses of action that can help the organization to improve its service delivery

1.4 Definition of Terms

Service quality; means the difference between the customer's expectation of service and their perceived service. In this study, the assessment standards of Zeithaml, Parasuraman & Berry (1990) will be used, which consist of five dimensions: tangibility, reliability, responsiveness, assurance, and empathy.

Customer Satisfaction; means an individual's feeling of pleasure (or disappointment) resulting from comparing the perceived performance or outcome in relation to the expectation (Oliver, 1981; Brandy and Robertson, 2001; Lovelock, Patterson and Walker, 2001).

SERVPERF; is a tool, originally proposed by Gronroos (1990) and more developed by Cronin and Taylor (1992) that is used to measure service quality using five dimensions (RATER). It is based on the "performance only" perspective and service quality as customers' evaluation of the service encounter. As a result, SERVPERF uses only the performance items of the SERVQUAL scales.

SERVQUAL; a self-administered questionnaire purported to be a generic measure of service quality.

Tangibles: "Appearance of physical facilities, equipment and appearance of personal and communication materials". This includes organization's physical facilities, their equipment and appearance of their personnel and communication materials used to promote their products/services.

Reliability: "Ability to perform the promised service dependably and accurately". It means that the service organization performs the service right the first time and honors all its commitments.

Responsiveness: "Willingness to help customers and provide prompt service". This refers timeliness and promptness in providing service.

Assurance: "Knowledge, competence and courtesy of employees and their ability to inspire trust and confidence in customers towards to the service firms". Competence refers to the possession of required skills and knowledge performs the service. Courtesy involves the politeness, respect friendliness, honesty and trust worthiness of contact personnel.

Empathy: "Caring and individualized attention that the firm provides to its customers". It includes approachability, ease of contact of service providers and making of efforts to understand the customer's needs.

1.5 Significance of the Study

This study will help Wegagen Bank managers and employees to focus on how to provide service to satisfy customer. The researcher hopes that from the suggestions and recommendations the managers of WB can make a better decision in order to become effective on handling their customer. This thesis will also help other researchers to conduct further studies on service quality and its effect on customer satisfaction. In addition to this, this thesis will help readers to gain knowledge and better understanding in the area of service quality and customer satisfaction.

1.6 Scope of the Study

The researcher believes that there are many factors that need research /investigation on customer satisfaction. However, this study was focued only on service quality at Wegagen Bank. This study is geographically limited to Wegagen Bank in Addis Ababa City, specifically the five branches (Bole, Meskel square, gofa, Gergi, Beklobet). Because of this the findings of this study may not be generalized to other area branches of Wegagen Bank. However, doing in all service centers may be beyond the ability and financial capacity of the researcher. Excluding other bank branches may limit the generalizability of the results of this research.

1.7 Limitation of the Study

Actually, it is rare to conduct a study without any limitations and challenges. Wegagen Bank has around 90 branches all over Ethiopia. From this 43 branches are in Addis Ababa. However, the study was conducted in five branches in Addis Ababa because of time constraint and other resource limitations the results of the study may not be generalized to all branches and other banks.

1.8 Organization of the Research Report

This research report comprises five chapters, which include the following:
The first chapter contains introduction part; this includes background of the study, statement of the problem, research questions, objective of the study, significance of the study, and scope of the study, limitation of the study and organization of the report. The second chapter presents theories and previous studies related to the topic (literature review). The third chapter contains research methodology and design used in this study. It describes the type and design of the research; the subject and participants of the study; data source used for the study as well as the data collection tools applied and methods of data analysis are explained. In the fourth chapter data analysis, presentation and interpretation is presented. In the fifth chapter, summary of the findings was made from chapter four and conclusion is also presented.

Chapter two

Literature Review

2.1 Definition 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).

It is important to distinguish between a service and goods. Goods are most tangibles (an object) while services are more of an act (a deed or performance). There are many definitions of services in the literature which focus on different characteristics of service and depend on the author and focus of the research (Gronoors, 2001). However, one of the most important and unique characteristics of services which has to be raised is that services are process, not things.

Put in the simplest terms, "services are deeds, processes and performances", (Zeithaml and Berry, 2003). Berry define service as "Service is an activity or benefit that one party can offer to another that are essentially intangible and does not result in the ownership of anything and its production may or may not be tied to a physical product"(Palmer and Cole 1995). A service is an intangible product involving a deed, a performance or an effort that cannot be physically possessed (Zeithaml and Berry, 2003). Services are a form of product that consist of activities, benefits, or satisfactions offered for sale that are intangible and do not result in ownership of anything (Kotler & Armstrong, 2004). Services are bought on the basis of promises of satisfaction (Dibb, S., Simkin, L., Pride, W. & Ferrel, O., 2001). Promises with the images and appearances of symbols help consumers make judgments about tangible and intangible products (Voss, G.B., Parasuraman, A., Grewal, D., 1988). One of the comprehensive definitions of services is:

"Services are all economic activities whose output is not a physical product or construction, is generally consumed at the time it is produced, and provides added value in forms such as convenience, amusement, timeliness, comfort or health. That is essentially intangible concerns of its first purchaser" (Zeithaml & Bitner, 2003).

Table 2.1: Understanding the nature of the service act

NO	Characteristics	Resulting implications
1.	Intangibility	- Service cannot be inventories - Service cannot patented - Service cannot be readily - Displayed or recommended - Pricing is difficult
1.	Heterogeneous	- Service delivery and CS depend on employee action - Service quality depends on many uncontrollable factors - There is no sure knowledge that the service delivered matches what was planned and promoted
2.	Inseparability	- Simultaneous production and consumption - Customers participate in and affect the transaction - Customers affect each other - Employees affect the service outcome - Decentralization may be essential mass production is difficult
3.	Perishable	- It is difficult to synchronize supply and demand with service - Service cannot be returned or resold

Source: Zeithaml and Berry,

2.2 Characteristics of Services

Service marketing is distinct from goods marketing (Dibb et. al, 2001). To understand the nature of services marketing, it is necessary to appreciate the particular characteristics of services (Dibb et. al., 2001). Service have four intrinsic characteristics that leads to different consumer perceptions and behavior makes it more difficult to evaluate quality and in turn making it more challenging and complicated to achieve customer satisfaction and establishing competitive advantage. Thus, services managers must deeply understand them to survive in the complex service environment. The four basic characteristics of service are: Intangibility, Inseparability, Perish ability, and Heterogeneity.

Intangibility

Services differ from goods most strongly in their intangibility (Dibb, S., Simkin, L., Pride, W. and Ferrel, O.C, 2001). Intangibility stems from the fact that services are performances. They cannot be seen, touched or smelled, nor can they be possessed. Intangibility also relates to the difficulty that consumers may have in understanding service offerings (Dibb et. al., 2001). Services have a few tangible attributes, called search qualities that can be viewed prior to purchase, such as neatness of nurses and Doctors, cleanliness of the facilities such as waiting stations, toilets and the like.

When consumers cannot view a service product in advance and examine its properties, they may not understand exactly what is being offered (Dibb et. al., 2001). On the other hand, services are high in experience and credence qualities.

Experience qualities are those qualities that can be assessed only after purchase and consumption these include characteristics such as taste or duration of well-being. Credence qualities are those qualities that cannot be assessed even after purchase and consumption for examples results of medical procedures. Few customers possess medical skills sufficient to evaluate whether the service is or was necessary and performed in a proper manner. (Zeithaml, et al, 1994).

Inseparability

Inseparability refers to the notion that, in many service operations, production and consumption cannot be separated; that is a service is to a greater extent consumed at the same time as it produced (Oliver, 1980). Unlike most goods that are produced first then sold and consumed, most services are sold first and then produced and consumed simultaneously (Zeithaml and Bitner 2003) e.g. the doctor cannot possibly perform the service without the patient's presence, and the consumer is actually involved in the production process (Dibb et. al., 2001).These characteristics of service makes it difficult to achieve standardization and economies of scale through centralized production.

Perishability

Perish ability refers to the fact that unlike physical goods, services cannot be saved, stored, resold, or returned (Zeithaml and Bitner2003). Unused capacity on one occasion cannot be stock pilled or inventoried for future occasions, because production and consumption are simultaneous.

Heterogeneity

Heterogeneity refers to the variability in the quality of service, since most services are labor intensive, they are susceptible to heterogeneity. For the service to be provided and consumed the client physically meets and deals directly with the service providers personnel. Direct contact and interaction are distinguishing features of services. People typically perform services, and people do not always perform consistently. It is also true that the characteristics of services themselves make it possible for marketer to customize their offerings to consumers. In such cases, services marketers often face a dilemma; how to provide efficient, standardized service at some acceptable level of quality while simultaneously treating each customer as a unique person (Dibb et. al., 2001).

2.3 Definitions of service Quality

Quality has been defined differently by different authors. Some prominent definitions include conformance to requirements' (Crosby, 1984), 'fitness for use' (Juran, 1988) or 'one that satisfies the customer' (Eiglier and Langeard, 1987). As per the Japanese production philosophy, quality implies 'zero defects' in the firm's offerings. Though initial efforts in defining and measuring service quality emanated largely from the goods sector, a solid foundation for research work in the area was laid down in the mid-eighties by Parasuraman, Zeithaml and Berry (1985). They were amongst the earliest researchers to emphatically point out that the concept of quality prevalent in the goods sector is not extendable to the services sector.

Being inherently and essentially intangible, heterogeneous, perishable, and entailing simultaneity and inseparability of production and consumption, services require a distinct framework for quality explication and measurement. As against the goods sector where tangible cues exist to enable consumers to evaluate product quality, quality in the service context is explicated in terms of parameters that largely come under the domain of experience' and 'credence' properties and are as such difficult to measure and evaluate (Parasuraman, Zeithaml and Berry, 1985; Zeithaml and Bitner, 2001).

One major contribution of Parasuraman, Zeithaml and Berry (1988) was to provide a terse definition of service quality. They defined service quality as 'a global judgment, or attitude, relating to the superiority of the service', and explicated it as involving evaluations of the outcome (i.e., what the customer actually receives from service) and process of service act (i.e., the manner in which service is delivered). In line with the propositions put forward by Gronroos (1982) and Smith and Houston (1982), Parasuraman, Zeithaml and Berry (1985, 1988) posited and operationalized service quality as a difference between consumer expectations of what they want' and their perceptions of 'what they get.' Based on this conceptualization and operationalization, they proposed a service quality measurement scale called 'SERVQUAL.'

The SERVQUAL scale constitutes an important landmark in the service quality literature and has been extensively applied in different service settings. Defining service quality and its components in a form that is actionable in the workplace is an important endeavor that any business company cannot take lightly. Moreover, many scholars agree that service quality can be decomposed into two major dimensions (Gro¨nroos, 1984; Lehtinen and Lehtinen, 1982). The first is referred to by Zeithaml et al. (1985) as “outcome quality” and the second by Gro¨nroos (1984) as “technical quality.” However, the first dimension is concerned with what the service delivers and on the other hand; the second dimension is concerned with how the service is delivered: the process that the customer went through to get to the outcome of the service.

Without any doubt, service quality is very important component in any business related activity. This is especially so, to marketer a customer’s evaluation of service quality and the resulting level of satisfaction are perceived to affect bottom line measures of business success (lacobucci et al., 1994). Customer expectations are beliefs about a service that serve as standards against which service performance is judged (Zrithaml et al., 1993); which customer thinks a service provider should offer, rather than on what might be on offer (Parasuram et al., 1988). To some, service quality can also be defined as the difference between customer’s expectations for the service encounter and the perceptions of the service received. According to the service quality theory (Oliver, 1980), it is predicted that customers will judge that quality as ` low` if performance does not meet their expectations and quality as `high` when performance exceeds expectations. Closing this gap might require toning down the expectations or heightening the perception of what has actually been received by the customer (Parasuraman et al., 1985).

According to Gronroos (1982), perceived quality of a given service is the result of an evaluation process since consumers often make comparison between the services they expect with perceptions of the services that they receive. He concluded that the quality of service is dependent on two variables: Expected service and Perceived service. Quality spells superiority or excellence (Taylor and Baker, 1994) (Zeithaml, 1988), or, as the consumer’s overall impression of the relative inferiority / superiority of the organization and its services (Bitner and Hubbert, 1994; Keiningham et al., 1994-95). Consumer behavioural intentions are also influenced by the standards of service quality (Bitner, 1990; Cronin and Taylor, 1992, 1994; Choi et al., 2004).

2.4 Service Quality Measurement

Since service quality attributes are not expected to be equally important across service industries, it has been suggested to include importance weights in the service quality measurement scales (Cronin and Taylor, 1992; Parasuraman, Zeithaml and Berry, 1995, 1998; Parasuraman, Berry and Zeithaml, 1991; Zeithaml, Parasuraman and Berry, 1990).

In the empirical literature, there are many alternative service quality models and instruments developed for measuring service quality. Sasser et al. (1978) suggested three different attributes (levels of material, facilities, and personnel) all apparently dealing with the process of service delivery. Gronroos (1984) argued that service quality can be divided into two generic dimensions: technical quality (what is provided) and functional quality (how the service is provided), with image quality (the organization's reputation for quality) mediating the impact of these two dimensions on overall perceived quality.

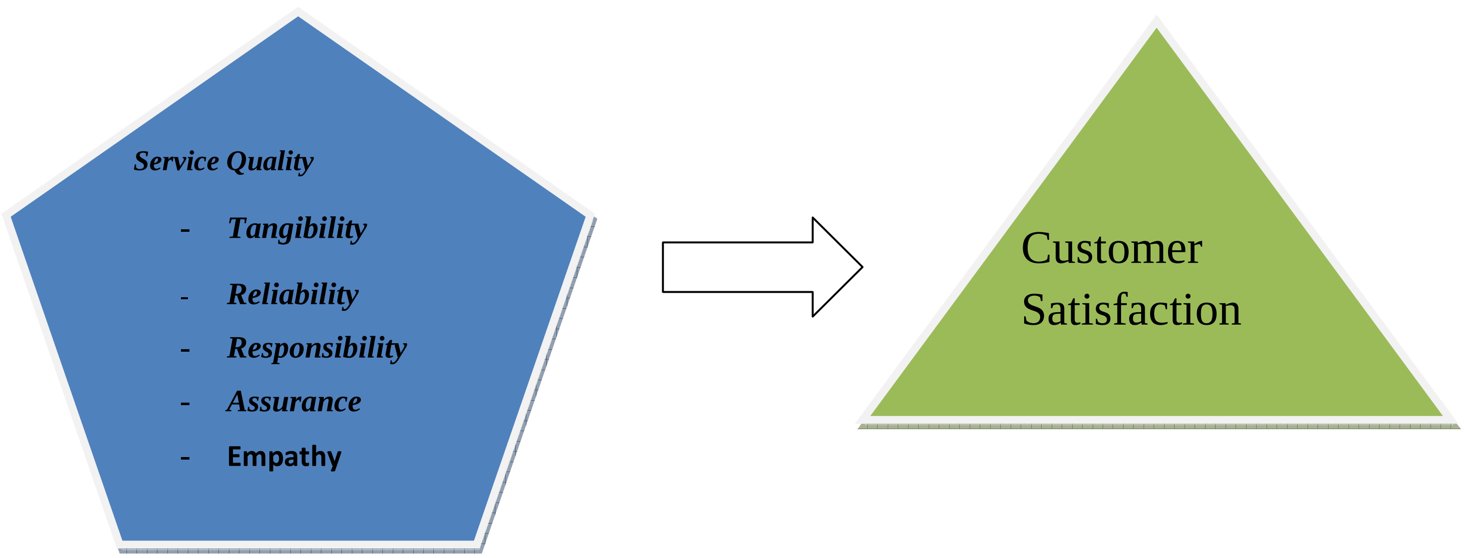
Subsequently, Gronroos (1990) identified six specific dimensions viz., professionalism and skills, reliability and trustworthiness, attitudes and behavior, accessibility and flexibility, recovery, and reputation and credibility, on which service quality could be measured. However, these dimensions have not been subject to any rigorous empirical testing, although a number of studies have used scales based on such principles (e.g., Lehtinen and Lehtinen, 1991). Lehtinen and Lehtinen (1982) discussed three dimensions viz., physical quality, involving physical aspects; corporate quality, involving a service firm's image and reputation; and interactive quality, involving interactions between service personnel and customers.

2.4.1 SERVQUAL model

Although the measurement of service quality was hard to pin down due to the service characteristics involving intangibility, perishability, inseparability, and heterogeneity, researchers had continuously investigated and contributed to this area. Among others, Parasuraman, Zeithaml, and Berry have been widely recognized for their service quality battery. Their significant contribution was the development of a service quality measurement, called "SERVQUAL", based on the original conceptual gap model of service quality (Parasuraman et al., 1985; Parasuraman et al., 1988: Parasuraman, et al, 1991). The SERVQUAL was seen as a generic service-quality measurement tool for services industries (Lovelock, 2001).

SERVIQUAL is a multi-item scale developed to assess customer perceptions of service quality in service and retail business. Originally developed from the GOP model , SERVIQUAL took shape and was grouped in to two statements , one to measure expectations concerning general factors about the company while the other measure perception about the particular firm whose service quality was being evaluated. Furthermore these items were grouped in to following five distinct dimensions; (Zeithaml et al, 1988)

Figure 2.1 Dimension of service quality



Source: Zeithaml, and Betner, 2003

Tangible: encompasses physical facilities, equipment, and appearance of personnel.

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

Responsiveness: reflects the willingness to help customers and provide prompt service.

Assurance: involves knowledge and courtesy of employees and their ability to inspire trust and confidence.

Empathy: which is caring, individualized or customized attentions the organization provides its customers.

SERVIQUAL stand for service quality as the discrepancy between a customer's perceptions of the service received, requiring respondents to answer questions about both their expectation and their perceptions. (parasuraman et al, 1988)

The purpose of SERVIQUAL is to serve as a diagnostic methodology for uncovering wide areas of an organization's service quality weaknesses and strength. The SERVIQUAL instrument produces a systematic, multi-stage, and interactive process that evolves from the identified dimensions and items with in that correspond to the specific companies and industries. (Zeithaml et al, 1988. The SERVIQUAL instrument is designed for use in any kind of service business and provides a basic skeleton though its expectation / perceptions format, encompassing statement for each of the five dimensions. (parasuraman et al, 1988).

The SERVQUAL was criticized for its validity, predictive power, and length. The validity of some dimensions was doubted but the original developers argued their dimensions were conceptually distinguished, but somewhat interrelated. The empirical research by Carmen (1990) cited in Cronin and Taylor (1992) commented on the validity and applicability of the SERVQUAL instrument. Its dimensions were criticized for not being generic enough that they could be used without adding new items or factors which were considered potentially important to the quality of given service firms. The empirical findings of Cronin and Taylor (1992) found the inconsistency of item scales defining service quality in different industries. In fact, Parasuraman and colleagues had recognized this limitation and suggested other researchers to consider minor modifications of their instrument to a particular service industry.

Additionally, service organizations with multiple service functions were recommended to use the instrument separately to evaluate the service quality of each function (Carmen, 1990) cited in Cronin and Taylor (1992). Concerns over handling the expectations were also noted because the expectation responses were not practically effective. The method of asking respondents was questionable. Specifically, a problem might occur from some respondents who might be unable to establish the expectation due to a new experience or no communication with other sources.

The extension of arguments over the SERVQUAL provided more insights into the evaluation of service quality. Cronin and Taylor (1992 & 1994) further argued that the SERVQUAL was an inappropriate instrument due to its inadequate conceptualization and operationalization of service quality. They pointed out conceptual and operational flaws of the SERVQUAL, particularly its validity. Parasuraman et al. (1994) argued that the concerns of Cronin and Taylor, and Teas over the validity and other suspected deficiencies of the SERVQUAL were not warranted. Despite these debates, more studies were conducted and made the measure more well-established.

Hoffman and Bateson (1997) as cited in Juan C. et al (2006) mentioned the critique about the predictive power of the SERVQUAL (measuring both expectation and perception): that its ability to predict customer purchase intention was less than the modified instrument that measured only the perception of service performance. Service quality required customer satisfaction as a mediating variable that affected purchase intention. Cronin & Taylor (1992) stated, "Service quality is an antecedent of consumer satisfaction and that consumer satisfaction exerts a stronger influence on purchase intentions than does service quality." They suggested for managerial purpose the customer satisfaction program should be more emphasized than strategies that focused exclusively on service quality.

2.4.2 Gronroos's Methodology

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.

2.4.3 Cronin's SERVPERF

SERVQUAL grounded in the Gap model, measures service quality as the calculated difference between customer expectations and performance perceptions of a service encounter (Parasuraman et al., 1988, 1991). Cronin and Taylor (1992) challenged this approach and developed the SERVPERF scale based on Parasuraman's SERVQUAL methodology which directly captures customers' performance perceptions in comparison to their expectations of the service encounter.

SERVPERF only measures performance perceptions and operationalizes service quality as customers' evaluations of the service encounter. It uses only performance data because it assumes that respondents provide their ratings by automatically comparing performance perceptions with performance expectations. As a result, SERVPERF uses only the performance items of the SERVQUAL scale (Brady et al., 2002; Cronin and Taylor, 1992, 1994). Arguments in favor of SERVPERF are based on the notion that performance perceptions are already the result of customers' comparison of the expected and actual service (Babakus and Boller, 1992).

Therefore, performance only measures should be preferred to avoid redundancy. Thus, SERVPERF assumes that directly measuring performance expectations is unnecessary. Cronin and Taylor (1992) built their argument for the superiority of SERVPERF over SERVQUAL by empirically showing that SERVPERF is a better predictor of overall service quality than SERVQUAL. Nevertheless, many authors concurred those customer assessments continuously provided services may depend solely on performance. Hence, the authors suggesting that performance-based measures explain more of the variance in an overall measure of service quality. These findings are consistent with other research that have compared these methods in the scope of service activities, thus confirming that SERVPERF (performance-only) results in more reliable estimations, greater convergent and discriminate validity, greater explained variance, and consequently less bias than the SERVQUAL and EP scales (Cronin and Taylor, 1992; Parasuraman et al., 1994).

Whilst its impact in the service quality domain is undeniable, SERVPERF being a generic measure of service quality may not be a very adequate instrument by which to assess perceived quality. This research bears on these conclusions and adopts the performance-based SERVPERF Paradigm. In general, SERVQUAL is a measurement of service quality based on the difference between the customer's expectations of the quality of service he/she will receive, and his or her perceptions of the service received. SERVPERF, in contrast, is a performance-only measurement of service quality (Zhou, 2004).

2.5 The Perceived Service Quality Model

The service quality construct is mostly conceptualized in the context of service marketing literature (Lee, Lee and Yoo 2000). Therefore, it deals with the concept of perceived service quality. According to Zeithaml, Parasuraman and Berry (1990), perceived service quality is the extent to which a firm successfully serves the purpose of customers. Customers determine the perceived or cognitive value of service based on their experience with the service delivered. Ghobadian, Speller and Jones (1994) stated that customers' expectations, service delivery process and service outcome have an impact on perceived service quality. Yoo and Park (2007) found that employees, as an integral part of the service process, are a critical element in enhancing perceived service quality.

Furthermore, 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. Similarly, O'Neill and Palmer (2003) have reported that customers' perceptions of service quality may, to a large extent, be influenced by the degree of their prior experience with a particular service.

2.5.1 Customer's Expectation

Customers' expectation is what the customers wish to receive from the services. Expectations are the results of prior experience with the company's products. Singh and Khanduja (2010) proposed that customers, expectation is formed by many uncontrollable factors which include previous experience with other companies, and their advertising, customers, psychological condition at the time of service delivery, customer background and values and the images of the purchased product. In addition, Zeithaml et al. (1990) stated that customer service expectation is built on complex considerations, including their own pre-purc hase beliefs and other people's opinions. Similarly, Miller also stated that customers, expectation related to different levels of satisfaction. It may be based on previous product experiences, learning from advertisements and word-of-mouth communication.

The diversity of expectation definitions can be concluded that expectation is uncontrollable factors which including past experience, advertising, customers perception at the time of purchase, background, attitude and product's image. Furthermore, the influences of customer's expectation are pre-purchase beliefs, word of mouth communications, individual needs, customers' experiences, and other personal attitudes. Different customers have different expectation based on the customer's knowledge of a product or service. Studies supported that expectations precede satisfaction for instance: Turel and Serenko (2004) found in Canada that perceived expectations are positively correlated with customer satisfaction. Anderson, Fornell and Lehmann (1994), who conducted investigation on Swedish firms, argue that there is a positive and significant relationship between expectations and customer satisfaction.

2.5.2 Customer Perception

Perception is a way of forming impressions about oneself, other people and daily experience. It also serves as a screen or filter through which information passes before it has an effect on people. Even though it is subjective the quality or accuracy of a person's perceptions has a major impact on his or her responses to a given situation. According to Mitchel (1978: as cited in Mussie 2010) perceptions are those processes that shape and produce what one actually experiences. Since perceptions are influenced by many external and internal factors such as cultural, social, psychological and economic, the ways in which the customer perceives services are highly subjective. What a customer perceives can differ from objective reality.

According to disconfirmation theory, the extent of satisfaction or dissatisfaction that a consumer has with a particular service encounter is determined by the difference between the customer expectations of performance and the actual perceived performance of the service (Oliver, 1996: cited in Samuel 2006).

Any difference between them is referred to as disconfirmation. If the service experienced is better than expected, then positive disconfirmation or high levels of satisfaction will result. If, however, the service performance falls short of what was expected, then negative disconfirmation or dissatisfaction will result.

Therefore, it is imperative to understand how consumers perceive the quality of the product offering, including the service element, and how these perceptions impact upon the consumer's ultimate purchase decision. Having understood the consumers' perception of quality the organization should be able to identify whether or not a gap exists between the customers' expectation and the manager in the development of appropriate managerial quality systems, which should maximize consumer satisfaction. The needs of survival and prosperity in the increasingly competitive marketplace are the main driving forces in the provision of superior quality services. According to Kotler and keller (2006) successful companies add benefits to their offering that not only satisfy customers but surprise and delight them. Delighting customers is a matter of exceeding expectations.

2.5.3 Customer satisfaction

Most researchers agree that satisfaction is an attitude or evaluation that is formed by the customer comparing their pre-purchase expectations of what they would receive from the product to their subjective perceptions of the performance they actually did receive (Sriyam, 2010). According to Hansemark and Albinson (2004) as cited in Zekiri (2011) "satisfaction is 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”. Kotler and keller (2006) defines satisfaction as a person's feelings of pleasure or disappointment resulting from comparing a product's or service’s perceived performance (or outcome) in relation to his or her expectations. Customer satisfaction is also defined as an "evaluation of the perceived discrepancy between prior expectations and the actual performance of the product" (Samuel, 2006). These definitions of customer satisfaction have in common that, if the performance falls short of expectations, the customer is dissatisfied. If the performance matches the expectations, the customer is satisfied. If the performance exceeds expectations, the customer is highly satisfied or delighted. In conclusion, customer satisfaction is defined as a result of customer’s evaluation to the consumption experience with the services. However, the customers have different levels of satisfaction as they have different attitudes and perceived performance from the product/service.

2.6 Importance of quality of service:

- ✓ Achieve returns of material: this is the provision of services characterized by high quality than, their counterparts, or even their equality by reducing the errors in the work to the greatest extent possible, leading to reduced costs of providing the service, on the one hand, and retain customers and attract new customers, contributing to the growth of financial returns achieved.

- ✓ Maintaining customer loyalty towards the organization of the service provided: because that would maintain the deal in the customer organization and attention to their wishes and requirements will contribute to increased loyalty towards this Organization.

- ✓ Maintain the staff: it is working within the organization are the clients internal, so it is of interest to them through their development and training and acquire skills to help them improve the quality of the service, and that this interest felt working interest management them, which motivates them to provide their best and ensure that they belong to the region.

- ✓ The quality of the service to show the honorable image of the organization provided for the service because it is the means of promotional and advertising for the important services they provide.

- ✓ The quality of service management to stimulate interest in the development and improve the technology used and keep pace with this development, to ensure a high level of quality provided to customers.

- ✓ Quality of the service is working to achieve the ultimate benefit of quality at the level of society as a whole, on the grounds that social utility of the quality of service will be reflected on the community.

- ✓ Works to ensure quality of service and the continued survival of the organization. The fact, that quality means continuous improvement, which gives the organization continuity and stability in this market.

The researcher conclude that high levels of service quality will lead to customer satisfaction and repeat purchase of the same restaurant, and to achieve customer satisfaction, of course, will lead to increased productivity and profit.

2.7 Service quality in banking

Service quality is gaining more importance in the banking industry and the value of improving service quality should be determined. Riadh, L., Ines, L., and Miguel, M., (2011) suggest that developing strong relationships between customers and financial institutions serve as incentives for customers to remain loyal and thus provide financial institutions with a source of differential advantage. Similarly, Kazi Omar Siddiqi (2010) finds that a centrally important aspect of a commercial customer's dealing with a bank is the quality of the long-term relationship that develops with the bank. LeBlanc, & Nguyen (1988) as cited in Kazi Omar Siddiqi (2010) focused on service quality in financial institutions and discussed 6 factors that explain perceived service quality, (a) degree of customer satisfaction, (b) contract personnel, (c) internal organization, (d) physical environment and instruments, (e) corporate image, and (f) personnel-customer interaction during the service encounter, contribute to service quality.

2.8 The relationship between service quality and customer satisfaction

Service quality is an important tool to measure customer satisfaction and there is a close relationship between service quality and customer satisfaction (Kadir, Rahmani & Masinaei, 2011).

Although confusion still exists between the two concepts (service quality and satisfaction), several authors have managed to highlight the distinction between them. Thus, 'service quality is the managerial delivery of services while satisfaction is customers' experiences with those services' (Lenka, Suar et al., 2009, p. 50) and is considered a consequence of service quality (Lassar, Manolis et al., 2000; Mohammed and Mohammad, 2003; Reimann, Ulrich et al., 2008). Other authors consider that 'service quality is a consumer's judgment about the service itself, while satisfaction is more a judgment of how the service emotionally affects the consumer' (Schneider and White, 2004, p. 51).

This assertion has its grounds in the belief that customers need to experience a service in order to decide whether satisfied or not, but can make quality judgments in the absence of an experience with the service. In line with the above mentioned, Johnson and Gustafsson (2000, p. 63) point out that service 'attributes provide customers with benefits and the benefits derive overall satisfaction'. This idea could be extended and say that the higher the benefits are perceived by customers, the higher the satisfaction level. that 'customers' satisfaction is a combination of their cognitive and affective response to service encounters' (Lenka, Suar et al., 2009, p. 50) and others refer to channel satisfaction which is defined as 'the customer satisfaction with the experience of dealing with any given channel individually' (Madaleno, Wilson et al., 2007, p. 917).

Thus, we may say that bank customer satisfaction is a positive emotional state that results due to a positive interaction experience. Considering the interaction within bank units, we must add that satisfaction is a result of positive interactions with bank personnel, with physical evidence and of customers' perceptions about the attributes referring to processes which provide customers with the comfort and efficiency benefits.

On the other hand, machine service quality attributes (nonhuman delivery systems), may include aspects referring to the quantity and quality of the information, to the ease of use, system security etcetera. However, most financial services require considerable customer contact (Chebat and Kollias, 2000) and as highlighted in previous studies, traditional services quality factors are very important in banks' attempt to satisfy their customers (Al-hawari, 2008).

Therefore, we consider that bank management should pay attention to the human component of service quality. 'Personnel-related characteristics are keys in helping to achieve customer satisfaction' (Neilson and Chadha, 2008, p. 208) as they reduce the number of barriers which may affect customers' trust in the financial institution. Bank personnel must demonstrate professional knowledge in their interaction and communication skills. Unless customers understand the terms used by bank employees, the information they receive is not considered valuable and cannot be convinced to end the buying process.

Therefore, bank personnel must realize that 'communication is thought to play an important role in the service delivery process' (Lassar, Manolis et al., 2000, p. 249) and try to use the appropriate terms so as to inspire trust and confidence. Moreover, bank personnel must prove interest and concern for customers' needs and offer them support when they encounter different problems. In their interaction with customers, employees must first listen to customers' needs and not to be aggressive sellers. Their major interest should be trust gaining and not an increase in sells.

The importance of personnel and of customer trust in personnel and in the bank is given by services characteristics. Financial services are intangible, and most important, they imply customers' financial resources. Besides, financial services are bought with a low frequency and suppose a long term relationship between customers and their banks.

The purpose of measuring customer satisfaction is to assess the quality of the existing management practices and identify directions for improvement. The aim of managing satisfaction is to obtain a higher rate of customer retention and improve a company's market share and profits (Gilbert and Horsnell, 1998).

Many researchers propose that customer satisfaction influences customer loyalty, which in turn affects profitability (Anderson and Fornell, 1994; Gummesson, 1993; Heskett et al., 1994; Reicheld and Sasser, 1990; Rust et al., 1995; Schneider and Bowen, 1995; Storbacka et al., 1994; Zeithaml et al., 1990). Barsky (1992) discussed a theoretical model of customer satisfaction and then tested the model using a survey instrument. Using his survey instrument, he was able to support his hypothesis that intent to return is positively related to customer satisfaction (Su, 2004).

Chang and San's (2005) study investigated the relationship between service quality, customer satisfaction, and profitability in the Taiwanese banking industry. The conclusion of the study is that the performance scale developed in the SERVPERE model and customer satisfaction in the profitability model are confirmed in the Taiwanese banking industry.

The study revealed that service quality is an antecedent of customer satisfaction and customer satisfaction is an antecedent of profitability. Moreover, Zeithaml (2000) also found evidence about the influences of service quality on profits and Heskett et al. (1997) argued that a "direct and strong" relationship exists among service quality, customer satisfaction and profitability. Vimi and Mohd (2008) undertook a study of the determinants of performance in the Indian retail banking industry based on perception of customer satisfaction. The finding of the study reinforces that customer satisfaction is linked with performance of the banks.

2.9Measuring Service Quality via Customer Satisfaction

Customer satisfaction is the leading criterion for determining the quality is actual delivered to customers through the product or service and by the accompanying servicing (Vavra, 1997:4).
Several studies have found that it costs about five times as much in time, money and resources, to attract a new customer as it do to retain an existing customer (Naumann, 1995:1). This creates

the challenge of maintaining high levels of service, awareness of customer expectations and improvement in services and product.

Knowledge of customer expectations and requirements, is essential for two reasons, namely it provides understanding of how the customer defines quality of service and product, and facilitates the development of a customer satisfaction questionnaires (Hayes, 1997:7). Furthermore, customer satisfaction is recognized as of a great importance to all -commercial firms because of its own influence on repeat purchases and word-of mouth recommendations (Berkman & Gilson, 1986:56).

Chapter three

Research Design and Methodology

This chapter will explain the methodological approach adopted when conducting the research. The research design, sampling techniques, tools of data collection, procedure of data collection and methods of data analysis will be briefly explained.

3.1 Research Design

Research can be classified as descriptive, explanatory and exploratory depending on the specific purpose that the research tries to address. Descriptive research sets out to describe and to interpret what is. It looks at individuals, groups, institutions, methods and materials in order to describe, compare, contrast, classify, analyze and interpret the entities and the events that constitute the various fields of inquiry. It aims to describe the state of affairs as it exists. On the other hand, explanatory research, aims at establishing the cause and effect relationship between variables.

The researcher uses the facts or information already available to analyze and make a critical evaluation of the data/information. Exploratory research is less formal, sometimes even unstructured and focuses on gaining background information and helps to better understand and clarify a problem. It can be used to develop hypotheses and to develop questions to be answered (Abiy et al., 2009).

Accordingly, the researcher was employ descriptive and explanatory research design with which to describe and explained the five service quality dimensions and the relationship between service quality and overall customer satisfaction. Moreover, the contribution of the five service quality dimensions towards the dependent variables was clearly examined.

3.2 Sample and target population

On January 30, 2014, the total number of customers of Wegagen bank from the 90 branches of the country and 43 branches in Addis Ababa is 375,623 and 166,485 respectively. The method that will be employed to obtain information about service quality and customer satisfaction in Wegagen bank is through survey conducted on a sample of customers from five branches (Bole, Meskel square,Gofa, Gergi, Beklobet).These 43 branches were selected in A.A based on the high number of customers. The population taken for sampling was limited to the geographical location of Addis Ababa due to time limitation and resource constraints.

According to Dillman (2000), and Hill et al. (2003), a sample size of 100 and above is sufficient to present good concise research findings and provide good representation of the population or organization or any subject investigated. Samples of 250 respondents were selected from those bank customers; 50(20%) from each branch through non-probability sampling.

3.3 Sampling Techniques

The researcher used non-probability sampling especially convenience sampling. The reason for using sample is the effort, cost incurred and the time that will be spent for the accomplishment of the study will be reduced. It is also difficult to access each population unit and difficult to get their address hence the study did not use probability sampling technique. In addition, convenience-sampling technique was used because in this case the respondents are accessible to the researcher.

3.4 Source of Data

There are two types of sources when collecting data; primary and secondary data sources (Arbnor and Bjerke, 1994) as cited in Olle Stromgren, 2007. Primary sources are directly related to the study purpose. Primary data consists of all the data collected throughout the study that directly can be related to the study purpose, both personally gathered as well as data from a third party that has been collected with equivalent purpose. Secondary data on the other hand, contains relevant data that has been collected for a different purpose, but from which the conclusion is valuable for the purpose.

Throughout the study, the researcher used both primary and secondary data sources. Primary data, directly related to the purpose, were collected through an empirical study. The empirical study was made through distributing questionnaire regarding service quality. Secondary data, indirectly relating to the purpose, was collected through a theoretical study comprised of; books, research thesis, articles, internet, manuals and annual reports.

3.5 Instruments of Data Collection

There is a tendency to divide research into qualitative and quantitative when approach to research has been considered as the criterion of classification. Qualitative research involves studies that do not attempt to quantify their results through statistical summary or analysis. Qualitative research seeks to describe various aspects about behavior and other factors studied in the social sciences and humanities. In qualitative research data are often in the form of descriptions, not numbers. Quantitative research is the systematic and scientific investigation of quantitative properties and phenomena and their relationships. The objective of quantitative research is to develop and employ mathematical models, theories and hypotheses pertaining to natural phenomena. The process of measurement is central to quantitative research because it provides the fundamental connection between empirical observation and mathematical expression of an attribute (Abiy et al., 2009).

This research was done using both quantitative and qualitative data; the researcher is going to collect quantitative data through close-ended questionnaire by the SERVPERF dimension model. In addition, qualitative data was collected through interview with Marketing Manger of the organization. The researcher used Likert scale that helps to measure a variable provided and adopted by the researcher and help the respondents to evaluate service quality of a given organization and rate their satisfaction level of the service based on their last service encounter experience. This measurement shows statement with which the respondents show the level of agreement or disagreement that is strongly agree= 5, “agree=4”, “neutral=3”, “disagree=2”, strongly disagree=1 points and also the researcher used nominal and ordinal scale according to their importance in the data collection and changed to scale measurement in the data entry to SPSS. The questionnaire was distributed to all sample respondents and interview conducted with the marketing manager of the bank to collect information about their service quality and customer satisfaction.

3.6 Procedure of Data Collection

The research was conducted by one person and it is done for the fulfillment of academic requirement. The researcher by herself collected the data in different service encounters of the bank from the sample respondents.

3.7 Methods of Data Analysis

The data collected through the questionnaires was analyzed using the Statistical Package for Social Sciences (SPSS) version 20.0, Microsoft office Excel 2007 as well as descriptive statistics in the form of tabulation, percentage and mean to summarize the result. Pearson Correlation coefficient particularly Bivariate correlations was used to examine the relationship between SERVPERF dimensions and customer satisfactions in the service delivery of Wegagen bank.

Moreover, multiple regressions is used to identify the most important factors of SERVPERF dimensions that influence customer satisfaction and the implementation of multiple regressions is to learn more about the impact of SERVPERF dimensions and the relationship between several independent or predictor variables and a dependent or criterion variable.

3.8 Reliability and Validity of the Research

Reliability is the consistency of a set of measurements or measuring instrument, often used to describe a test. Reliability is inversely related to a random error (Coakes & Steed, 2007). There are several different reliability coefficients. One of the most commonly used is called Cronbach's Alpha. Cronbach's Alpha is based on the average correlation of items within a test if the items are standardized. Cronbach's alpha reliability analysis was conducted on the independent variables in order to determine the reliability of the instrument used. Lack of reliability is a serious drawback of an outcome measure as it indicates errors in measurements (Powell, 1999).

Validity is concerned with whether the findings are really about what they appear to be about (Sounders et. al., 2003). Validity defined as the extent to which data collection method or methods accurately measure what they were intended to measure (Sounders et. al., 2003). Numbers of different steps were taken to ensure the validity of the study:

- Data was collected from the reliable sources, from respondent who have experiences in using the service of the bank.

- Survey question were made based on literature review and frame of reference to ensure result validity.

3.9 Research Ethics

In the context of research, according to Saunders, Lewis and Thornhill, (2001:130), "… ethics refers to the appropriateness of your behavior in relation to the rights of those who become the subject of your work, or are affected by it".

The data was collected from those of willingness sample respondents without any unethical behavior or forcefully action. The results or a report of the study is used for academic purpose only and response of the participants is confidential and analyzed in aggregate without any change by the researcher. In addition, the researcher respects the work of previous investigations or study and cited appropriately those works that has been taken as a basis.

Chapter four

Presentation of Findings and Data Analysis

This chapter presents analysis, interpretation and findings of information collected through self administered questionnaires with 250 randomly selected customers of Wegagen Bank. The analysis is based on the information obtained from 250 customers and incorporated information obtained through an interview with the two branch managers. In order to get a representative data 250 questionnaires were prepared and distributed to customers of the bank. Out of these 250 questionnaires distributed to customers, 236 questionnaires were collected back. From these only 228 were properly filled. Thus, the analysis is based on the valid 228 questionnaires (with 91.2% response rate) response while the remaining 22 (8.8%) questionnaires were not included due to incompleteness of the questionnaires.

Table 4.1 Response rate of Questionnaires Administered

	Correctly filled and Returned	Not correctly filled	not returned
No	228	8	14
Percent	91.2	3.2	5.6

Source: survey result (2014)

4.1 Personal Profile of the Respondents

The first part of the questionnaire consists of the demographic information of the participants. This part of the questionnaire requested a limited amount of information related to personal and demographic characteristics of respondents. Accordingly, the following variables about the respondents were summarized and described in the subsequent table. These variables includes: sex, age and educational status.

Table 4:2 Characteristics of respondents by Sex and Age

ITEM		Frequency	Percent
Sex	Male	153	67.1
	Female	75	32.9
	Total	228	100.0
Age	18-24	45	19.7
	25-34	89	39.0
	35-44	60	26.3
	45-54	26	11.4
	55-64	6	2.6
	>64	2	0.9

Source: survey result (2014)

Out of the total 228 of respondents 67.1% are male and 32.9% of them are female. Regarding the age of the participants, the largest group (39.0%) is in the 25-34 years age group, the second largest group (26.3%) indicated in the 35-44 years age group, those in the age category of 18-24 are 19.7% of the respondents , in the age category of 45-54 represent 11.4% , 55-64 represent 21.05%, and 2.6% represent in the age category 55-64, 0.9% of the remaining respondents are above 64.

According to table 4.3 presented below the first item shows educational status of the respondents. From the total 3.9% of the respondents are categorized under primary education, 12.3% of them were high school complete, 36% diploma holders, 39.9% degree holders, 6.6% master holder and the remaining 1.3% are PhD and above. In general, the table shows the majority of the respondents are degree holders with 39.9% from the total.

Table: 4.3 Educational levels of respondents

Level of education	Frequency	Percentage
Primary	9	3.9
High school	28	12.3
Diploma	82	36.0
Degree	91	39.9
Master	15	6.6
PhD and above	3	1.3
TOTAL	228	100

Source: survey result (2014)

4.2 Reliability Test

Reliability analysis was computed to test whether the scale used in the study is internally consistent and consistently measures the criterion variable using the reliability procedure in SPSS (version 20.0). From data analysis the Cronbach's Alpha for this study is good according to the standard set by George and Mallery (2003) and it is over the acceptable limit of >0.70. For all individual dimensions, Cronbach's alpha is greater than 0.70, which is shown below, that signifies greater internal consistency between the items and measures the intended dimension of the variables.

Table: 4.4 Cronbach's alpha test for independent variables

Dimension	Cronbach's Alpha	N of items
Tangibility	0.721	4
Reliability	0.716	5
Responsiveness	0.781	4
Assurance	0.764	4
Empathy	0.744	4
Over all scale reliability	0.886	21

Source: survey result (2014)

4.3 Descriptive Statistics

The analysis of this study was done using descriptive statistic or through using central tendency, from these the researcher used the mean scores of each variable. The main reason of using this measurement was to demonstrate the average responses of respondents for each question that was included under each dimensions of the predictor variable and to reach the grand mean of each dimension.

Finally, the interpretation is made through using the grand mean of each independent dimension for the aim of achieving partial research objectives of the study. The interpretation was made based on the following measurement scale intervals or range. Mean scores 4.51-5.00 excellent or very good, 3.51-4.50 good, 2.51-3.50 average or moderate, 1.51-2.50 fair and 1.00-1.50 is poor (Poonlar Btawee:1987)

4.3.1 Service Quality Assessment

In order to assess the customer-perceived quality of Wegagen bank, descriptive statistics were computed per dimension, as given below.

Table: 4.5 Tangibility Dimension

Items	Mean	Std. Deviation	Grand Mean
The organization facilities are up to date	3.84	0.955	3.90
Wegagen bank's physical facilities are visually appealing	3.54	1.112	
The staff dress properly	4.17	0.732	
The organization has suggestion box to collect customer comment and complaints	4.07	0.782	

Source: survey result (2014)

Tangibility refers to the appearance of physical facilities, equipment, personnel and communication materials. According to table 4.5, the descriptive statistic analysis shows that the range 3.51-4.50 indicates that customers perceived that the tangibility of the organization is good. Based on the data analysis the mean score of tangibility with the value of 3.90 imply that customer's attitude towards the organization tangible aspect is good.

The higher contribution to the outcome is achieved from the third item that means the staff dress properly followed by the organization has suggestion box to collect customer comment and complaints with the mean value of 4.17 and 4.07 respectively. However lower contribution is by the second predictor that means Wegagen bank's physical facilities are visually appealing followed by the organization facilities are up to date with the mean value of 3.54 and 3.84 respectively. The mean score of the construct shows that the customers' perception of the Wegagen Bank service quality is good.

Table: 4.6 Service Reliability

Items	Mean	Std. Deviation	Grand Mean
The staff can provide you the services as promised	3.69	0.991	4.02
When you have a problem, Wegagen bank shows a sincere interest in solving it	3.80	0.985	
Wegagen bank performs the service right the first time	4.04	0.801	
Wegagen bank provides its services at the time it promises to do so	4.11	0.861	
Wegagen bank insists on error-free records	4.32	0.779	

Source: survey result (2014)

Reliability refers to the ability to perform the promised service dependably and accurately. It is regarded as the most important determinant of perceptions of service quality. According to the above table, reliability with 4.02 values from the descriptive statistics indicate that customers perceive that quality of service being offered by the organization is good, according to (Poonlar Btawee: 1987) the mean score of 3.51-4.50 is under good service quality range.

From the variables the higher contribution to the mean has come from the fifth item that means Wegagen bank insists on error-free records followed by proper delivery without mistake and performing the service right the first time with the mean value of 4.32and 4.11respectively. In addition the standard deviation shown indicates how closer or far each observation is from the average. In general reliability takes a dominant position compared with the other independent variables at Wegagen bank in the measuring the quality of service delivery.

Table: 4.7 Responsiveness Dimension

Items	Mean	Std. Deviation	Grand Mean
The staff tells you exactly when services will be provided	4.15	0.828	4.23
Employees of Wegagen bank give you prompt service	4.28	0.670	
The employees are easily accessible when needed	4.32	0.708	
Employees have willingness to help customers and the readiness to respond to customers request	4.18	0.808	

Source: survey result (2014)

The responsiveness dimension involves provision of prompt services and willingness to help customers. The above table shows interrelated items that measure responsiveness. Responsiveness with 4.23 values from the descriptive statistics analysis according to (Poonlar

Btawee: 1987) indicate that customers perceive that quality of service being offered by the organization is good hence the mean score that has the value from 3.51-4.50 shows good level of quality service delivery.

The higher contribution of the mean has come from the third variable that means the employees are easily accessible when needed and employees of Wegagen bank give prompt service with the mean value of 4.32 and 4.28 respectively. From this inference, we can conclude that customers have good perception towards the responsiveness of the aspects of the organization.

Table: 4.8 Service Assurance

Items	Mean	Std. Deviation	Grand Mean
There are adequate and necessary personnel for good customer Services	4.30	0.739	4.21
The behavior of employees of Wegagen bank instills confidence in customers	4.32	0.768	
You feel safe in your transactions with Wegagen bank	4.12	0.830	
Employees of Wegagen bank have the knowledge to answer your questions	4.10	0.862	

Source: survey result (2014)

The assurance dimension refers to the knowledge of employees and their ability to inspire trust, confidence and security. Based on data analysis the above table shows us the mean scores of customers perceived assurance quality of Wegagen Bank range from 3.51-4.50 indicate that customers' perceived that the assurance aspects of the organization is good. The mean score of assurance is 4.21, which suggests that the customers find the services assurance of the bank is good.

The higher contribution of the item to the construct is the second variable that means the behavior of employees of Wegagen bank instills confidence in customers with the mean value of 4.32 followed by there are adequate and necessary personnel for good customer services with the mean value of 4.30. Finally, this shows that the value of assurance is a good indicator of the organization service quality.

Table: 4.9 Service Empathy

Items	Mean	Std. Deviation	Grand Mean
Wegagen bank gives you individual attention	3.74	1.066	3.81
Wegagen bank has operating hours convenient to all its customers	3.81	0.977	
The service providing office is conveniently located to Customers	3.77	0.959	
Employees of Wegagen bank understand your specific needs	3.94	0.916	

Source: survey result (2014)

The empathy dimension represents the provision of individualized attention to customers and ease of contact, effective communication, and understanding the customers. Based on the data analysis the above table 4.9 show predictors of empathy and show the customers' judgment level of empathy. The range 3.51-4.50 indicates that customers' perceived that the empathy aspect of the organization is good.

The mean score of empathy is 3.81, which shows the customers believed that the Empathy of the organization is good according to the customers' point of view. The highest contributor for this dimension has come from the forth indicator that means employees of Wegagen bank understand customers' specific needs followed by Wegagen bank having operating hours convenient to all its customers with the mean value of 3.94 and 3.81 respectively. However, the least contribution is Wegagen bank gives its customers individual attention and the service providing office is conveniently located to customers. As a conclusion, the mean score of this construct based on customers view shows that Wegagen Bank has good service quality delivery.

Generally, according to the descriptive statistics methods of data analysis different dimensions of SERVPERF have different perceived quality level by the customer at Wegagen bank. Responsiveness was the most important element in how a customer perceived a service quality in relation to other SERVPERF dimensions followed by perceived assurance quality, reliability quality, tangibility and empathy respectively. There is good service quality among the SERFPERF dimension as perceived by Wegagen Bank customers.

4.3.2 Customer Satisfaction

Many researchers conceptualize customer satisfaction as an individual's feeling of pleasure (or disappointment) resulting from comparing the perceived performance or outcome in relation to the expectation (Oliver, 1981; Brandy and Robertson, 2001; Lovelock, Patterson and Walker, 2001).

However, the customers have different levels of satisfaction as they have different attitudes and perceived performance from the product/service. Based on this idea; the researcher tried to measure the level of customer satisfaction and the descriptive statistics analysis of customer satisfaction shows that the level of customer satisfaction is 4.23, which implies customer of the organization were satisfied and above average by the organization service delivery. Moreover, the percentage for each category is presented below in the table 4.11 and this finding shows 87.7% of the customers are satisfied with the service delivery of the organization, 4.4% of customers were neutral and the remaining7.9% of customers were dissatisfied.

Table 4.10: customer satisfaction based on amount of measurement scale

	Frequency	Percent
Strongly disagree	1	0.4
Disagree	17	7.5
Neutral	10	4.4
Agree	163	71.5
Strongly agree	37	16.2
Total	228	100

Source: survey result (2014)

4.4 Correlation and Regression Analysis

Correlation analysis was conducted to investigate the relationship between SERFPERF dimensions, which are tangibles, reliability, responsiveness, assurance and empathy with customer satisfaction. A correlation analysis with Pearson´s correlation coefficient (r) was conducted on all variables in the study to explore the relationships between customers perceived service quality dimensions and customer satisfaction. In addition, multiple regressions were used to identify the most important dimensions of SERVPERF dimensions that contribute to customer satisfaction. To interpret the strengths of relationships between variables, the guidelines suggested by Field (2005) were followed, mainly for their simplicity. His classification of the correlation coefficient (r) is as follows: 0.1
– 0.29 is weak; 0.3 – 0.49 is moderate; and $\geq$ 0.5 is strong.

Table 4.11: Pearson's Correlation Matrix for predictors and customer satisfaction

	Tangibles	Reliability	Responsiveness	Assurance	Empathy	overall satisfaction
Tangibles	1					
Reliability	.410**	1				
Responsiveness	.432**	.505**	1			
Assurance	.426**	.426**	.655*	1		
Empathy	.404**	.396**	.488**	.545**	1	
overall satisfaction	.506**	.509**	.613**	.635**	.663**	1

**. Correlation is significant at the 0.01 level (1-tailed).

Source: survey result (2014)

The correlations of the variables are shown in Table 4.11, however, each variable correlates perfectly with itself, as evidenced by the coefficients of +1.00 at the intersection of a particular variables' row and column.

According to table 4.11, Pearson correlation matrix shows tangibles have strong associations with overall customer satisfaction with a value of 0.506. As per the person's correlation, the r value range from $\geq$0.5 shows variables is strongly correlated. As a result, reliability has strong relation with a value of 0.509. Based on the above table correlation analysis, responsiveness with r-value has strong associations with overall customer satisfaction with a value of 0.613. According to Field (2005), Pearson correlation coefficient value between $\geq$0.5 shows that variables are strongly correlated.

According to table 4.11, Pearson correlation matrix shows assurance has strong association with overall customer satisfaction with r-value of 0.635. Therefore, assurance has positive relationship with customer satisfaction. In the same way empathy has positive associations with overall customer satisfaction with r-value of 0.663.

Generally, empathy and assurance have highest positive associations with overall customer satisfaction towards Wegagen bank.

4.5 Regression Analysis

Regressions fit a predictive model to data and use that model to predict the values of dependent variable from one or more independent variables (Andy, 2005). Linear regression estimates the coefficients of the linear equation, involving one or more independent variables that best predict the value of the dependent variable. In this research, the regression uses SERVPERF dimensions as independent variables against a separate measure of overall customer satisfaction.

A regression analysis examines the relation of the dependent variable to specified independent variables. Multiple linear regressions were conducted to identify the relationship and to determine the most dominant variables that influenced the customer satisfactions of Wegagen bank. The significance level of 0.05 was used with 95% confidence interval**.** The dependent variable was customer satisfaction and the independent variables include the SERVPERF dimensions, which are tangibility, reliability, responsiveness, assurance and empathy. The reason for using this multiple regression analysis was to examine the direct effect of these SERVPERF dimension on customer satisfaction towards Wegagen bank and the output was shown in the table below. In order to show the impact that each dimension has on the dependent variable, the study checked the Standardized Coefficients. The table shows the slope of multiple regression analysis.

Table 4.12 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.784[a]	.615	.606	.46316

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

Source: survey result (2014)

We observed in the model summary from the analysis in the above table R (0.784[a]) indicates correlation of the five independent variables with the dependent variable customer satisfaction and the weighted combination of the predictor variables (SERVPERF dimensions) explained or affect approximately 62%(R square) of the variance of customer satisfaction and the remaining 38% is by extraneous variables. This result also indicates that there may be other variables that could have been neglected by the current study in predicting satisfaction.

Table 4.13: ANOVA (Independent Variables as Predictors to Customer satisfaction)

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	75.939	5	15.188	70.800	.000[b]
	Residual	47.623	222	.215		
	Total	123.561	227			

a. Dependent Variable: overall satisfaction

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

Table 4.13, the ANOVA test, it is noticed that F value of 70.800is significant at the 0.000 level or significant at 1%. Therefore, from the result, it can be concluded that with 62 % of the variance (R-Square) in customer satisfaction is significant and the model is appropriately measure the latent construct.

Table 4.14: **Estimated Unstandardized and Standardized Regression Coefficient**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.767	.264		-2.904	.004
	Tangibles	.174	.060	.144	2.925	.004
	Reliability	.139	.053	.132	2.622	.009
	Responsiveness	.219	.075	.174	2.925	.004
	Assurance	.260	.073	.212	3.575	.000
	Empathy	.385	.057	.352	6.750	.000

Source: survey result (2014)

Based on multiple linear regression analysis, the above table 4.14 reveals the impact of each SERVPERF dimensions and their significance. The impact of empathy, assurance, responsiveness, tangibles and reliability on customers' satisfaction with Wegagen bank are 0.352, 0.212, 0.174, 0.144 and 0.132 respectively, in their descending order. By examining this beta weight of data analysis result the finding shown that empathy followed by assurance and responsiveness was making relatively larger contribution to the prediction model.

This informed us the predicted change in the dependent variable for every unit increase in that predictor. This signifies that for every additional point or value in the empathy one could predict a gain of 0.352 points on the customer satisfaction provided that other variables being held constant the same are for assurance, responsiveness, tangibles and reliability. Generally, customer satisfaction is primarily predicted by higher level of empathy, assurance, and responsiveness and to a lesser extent by tangibles and reliability in Wegagen bank. Empathy received the strongest weight in the model followed by assurance and responsiveness this shows they are the dominant dimensions in Wegagen bank.

4.6 Interview with manager

The researcher has conducted an interview with the marketing manager of the bank in line with the following questions. The information collected from this manager is analyzed qualitatively as follows.

A) Did your bank conduct market research or customers' need assessment for providing better service? If yes, what improvements have been made?

According to the response of the manager banks are service delivery institutions, they deliver their services for customers. A number of customer surveys (both large small scale survey) were conducted, mostly they were conducted randomly on need basis. The organization provides different new service and Improvement was made in different aspects based on the feedback of customers on those customer need assessments, such as the organization provided training program for employees, improving the banking technology and using computerized system. The bank tried to improve its service provision to the expectation of customers.

B) **Do you think service quality and customer satisfaction as an important strategy for your bank? Explain?**

According to the manager, providing excellent service quality and high customer satisfaction is the important issue and challenge facing the contemporary service industry. High customer satisfaction and loyalty have long been key concerns for operational management in service industries. Consequently, customer orientation, namely, understanding customer requirements and expectations, is the first step service providers must take to enhance service quality. Customers are the backbone of service providing institutions like banks. Because of these and other factors banks cannot exist without customers. Providing service to customers is not only the strategy banks follow, they must retain existing customers, attracting new customers and satisfying their needs. This takes place by applying the concept of service quality and customer satisfaction as a strategy in the bank.

Therefore, service quality and customer satisfaction are important strategies for Wegagen bank. The reason is that according to the manager if the bank does not increase and improve its service quality and meet customers' needs, customers will be dissatisfied and they will switch from the bank to other banks. So without customers there is no bank business in general.

C) **What are the strategies applied by the bank to boost the quality service delivery of the bank?**

Service providing institutions are applying different strategies in order to enhance their customer service quality delivery. Therefore, the manager was asked what strategies the bank applies in providing service quality or enhances customer service quality delivery. According to the manager the bank uses different strategies to boost the quality of its service delivery in the bank is to shorten the service delivery process. For this, the bank has been pioneer in implementing a banking technology in the country. And currently, the bank has finalized the upgrading of this technology in to a more versatile technology. And also the bank gives different training programs for its employees on the areas of customer service delivery process, how to handle their problem during service encounter and also train them on product knowledge of the bank to increase the ability and knowledge of employees.

D) What are the measures that your bank is taking to improve customer satisfaction?

According to the response of the manager, the measures taken to improve customer satisfaction is by providing continuous training to employees, designing a system of handling customer complaint. Front line employees ask customers whether they are satisfied or dissatisfied during service encounter producing new products to improve customer satisfaction.

E) Employees' attitude /behavior play a central role with regard to customer's satisfaction and quality service delivery. What strategies are followed in the bank to improve the attitude of the employees in relation to customer service?

There is concrete evidence that satisfied employees make for satisfied customers and satisfied customers can, in-turn, reinforce employees' sense of satisfaction in their jobs. Some have even gone so far as to suggest that unless service employees are happy in their jobs, customer satisfaction will be difficult to achieve (Zeithaml and Bitner, 2003).

According to the response of the manager the bank does the following:

- Organization's vision, mission, strategies, policies, duties and responsibilities of employees are made clear to all.
- The performance rating of employees is also aligned to customer satisfaction
- Good performance rating will allow an employee to get a higher bonus than others.

Chapter five

Conclusion and Recommendation

This chapter will present the study's conclusion from the research and the research questions will be answered. The chapter ends with recommendations and implication for managers.

5.1 Conclusion

Customer satisfaction (CS) has become an important issue for commercial and public service organizations. Establishing and achieving customer satisfaction is a main goal of business nowadays, because there is very clear and strong relationship between the quality of product, customer satisfaction and profitability (Ingrid Fecikova, 2004).

The major objective of this study was to assess service quality and its impact on customer satisfaction. In order to accomplish this objective the researcher distributed 250 questionnaires to sample respondents in the specified service encounter and collected 228 completely filled questionnaires for data analysis. In addition, the researcher attempted to identify which of the SERVPERF dimension(s) achieved higher perceived performance in the side of customers and identified which dimensions have higher and lower impact on customer satisfaction at Wegagen bank. Moreover, the study identified which areas require improvement and additional investment.

The findings indicate that customers' perceptions vary according to the nature of service. The computed mean scores of SERVPERF dimensions help to measure the perceived service quality of the organization and the result shows that the service quality of the organization is closer to good. The higher confirmed dimension by the customers is responsiveness followed by assurance and reliability. However, lower perceived quality dimensions by the customer are empathy and tangibles. As a general, the result of the study shows that the customers have good attitudes towards the service quality of the organization.

The computed values of the criterion variable shows that the level of customer satisfaction is good based on the research finding, this shows that most of the customers are satisfied and there are customers that are dissatisfied with some aspects of the organization's services.

The Pearson's correlation coefficient of the study signifies that all predictor variables and criterion variable have positive relationship with each other. Based on the study result empathy, assurance, responsiveness, tangibility and reliability have strong association with customer and their level of significance is varying among dimensions in the sector.

The relative importance of the significant predictors is determined by looking at the standardized coefficients in the multiple regression result table. Based on this way the result of regression analysis showed that empathy has highest impact on customer satisfaction by holding other dimensions as constant followed by assurance, responsiveness, tangibility and reliability. However, the least impact on customer satisfaction was observed in the aspect of reliability. This result shows that empathy and assurance have dominant influence on the customer satisfaction and reliability has least influence towards Wegagen bank. Therefore, the researcher confirmed that the dimensions of service quality vary in driving customer satisfaction in a given service sector.

The finding indicate that above the average the customer satisfaction is influenced or explained by SERVPERF dimensions, which means by tangibility, reliability, responsiveness, assurance and empathy together. However, the result showed customer satisfaction is influenced by other extraneous variables that are not included in this study. Therefore, in measuring customer satisfaction the organization should take a care by including all the factors that can affect customer satisfaction.

5.2 Recommendations

Based on the results of the analysis and conclusion made the following recommendations are forwarded which help Wegagen bank in assessing its service delivery process or in order to improve the service delivery of the organization and indirectly to boost customer satisfaction.

- The organization should invest to the entire service quality dimension in maintaining and improving the service quality the bank provides.
    - The study confirms the five dimensions of service quality (Tangibility, Reliability, Responsiveness, Assurance and Empathy.) are positively correlated with the bank customer satisfaction.

- As clearly shown in the analysis part of the study responsiveness, assurance and reliability have the most dominant influence in bringing customer satisfaction and empathy and tangibility are least in the influence. Therefore, the organization should invest more on the dominant dimensions and it should consider the appropriateness of service empathy and tangibility.

- The organization should invest more on SERVPERF dimensions because all the dimension are good , to achieve this higher perceived performance and get competitive advantage in the market the organization requires to invest and improve in those weak areas.

- The organization should put all the effort to satisfy their customers up to what is possible.
    - As shown in the finding and presentation part of the study some of the customers are dissatisfied on their organization overall service quality and some are neutral.

- Develop appropriate programs and provide on-going training on the various attributes of responsiveness to strengthen employees' ability to improve customer service.

- Moreover, the bank should evaluate employees' performance constantly. Employees should participate in scheduled training courses because behavior of employees is often instrumental in bringing about desired outcome. Learning involves both the development and modification of thoughts and behaviors, therefore the bank should continuously redefine goals and policies, modify structures, re-engineer jobs, and track training, monitoring, and rewarding of employees.

- In the present competitive banking environment, most of the banks offer the same or similar products around the world and service quality is a vital means to differentiate themselves in the market place. The present study will provide at least some sorts of guidelines to the policy makers of the bank, to take right decision to improve the quality of services of the bank.

- Increase communications amongst staff members using update data base system and create a sense of teamwork. This enables the bank to deliver service with care and attentiveness by improving employee motivation and capabilities.

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Appendix

Appendix A: English Version Questionnaire

QUESTIONNAIRE

Addis Ababa University

School of Commerce

MA Program in Marketing Management

Dear Respondents,

My name is Elsa Habte. I am postgraduate student at Addis Ababa University School of Commerce. I am conducting a research study on "Assess service quality and its effect on customer satisfaction in case of wegagen bank'' In partial fulfillment of Master of Arts Degree in Marketing Management at Addis Ababa University school of commerce (AAUSC) . I request your help to spend some minutes of your time by filing the provided questionnaire. The aim of this survey is to examine the service quality level and associated customer satisfaction with Wegagen bank. . The data will be used only for academic purpose. Also, I ensure you that the information provided will be kept confidential and will not be used for any other purpose. I thank you in advance for active participation and kind cooperation.

Note: Participation is purely voluntary and no need to write your name anywhere.

PART I. GENERAL INFORMATION

Please put a tick (√) mark corresponding to your response

1. Gender:

   Male ☐ Female ☐

2. Age group:

   A. 18-24
   B. 25-34
   C. 35-44
   D. 45-54
   E. 55-64
   F. 65 and above

3. Level of education

Primary ☐
High school ☐
Diploma ☐
Degree ☐
Master ☐
PhD and above ☐

Part II Basic information related to service quality

Please indicate the extent to which you agree or disagree with each of the following statements by putting "X" in the appropriate place to choose the number from 1-5 that best represents your level of agreement with the statement.

No	**Measurement items**	**Measurement scales**				
		Strongly disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly agree (5)
1	The organization facilities are up to date					

2	Wegagen bank's physical facilities are visually appealing					
3	The staff dress properly					
4	The organization has suggestion box to collect customer comment and complaints					
5	The staff can provide you the services as promised					
6	When you have a problem, Wegagen bank shows a sincere interest in solving it					
7	Wegagen bank performs the service right the first time					
8	Wegagen bank provides its services at the time it promises to do so					
9	Wegagen bank insists on error-free records					
10	The staff tells you exactly when services will be provided					
11	Employees of Wegagen bank give you prompt service					
12	The employees are easily accessible when needed					
13	Employees have willingness to help customers and the readiness to respond to customers					

	request					
14	There are adequate and necessary personnel for good customer Services					
15	The behavior of employees of Wegagen bank instills confidence in customers					
16	You feel safe in your transactions with Wegagen bank					
17	Employees of Wegagen bank have the knowledge to answer your questions					
18	Wegagen bank gives you individual attention					
19	Wegagen bank has operating hours convenient to all its customers					
20	The service providing office is conveniently located to Customers					
21	Employees of Wegagen bank understand your specific needs					
22	The organization contacts complaining customers as quickly as possible					
23	The organization provide compensation for inaccurate Services					
24	The employees quickly apologize to customers when service mistakes are made					
25	Accept responsibility for the customer disappointment and do not blame customer					

26	Overall, I am satisfied with the services provided by Wegagen bank					

Appendix B: Amharic Version Questionnaire

አዲስ አበባ ዩኒቨርስቲ

<u>ንግድ ስራ ትምህርት ቤት</u>

<u>መጠይቅ</u>

ውድ የተከበራችሁ አገልግሎት ተጠቃሚዎች:

ይህ መጠይቅ የተዘጋጀው ለገበያ አመራር ድህረ ምረቃ ትምህርት (Master of Arts in Marketing) ከፊል *ማሟያነት ለወጋገን ባንክ ተጠቃሚዎች ሲሆን አላማውም የአገልግሎቱን ጥራት በደንበኞች እርካታ ላይ ያለውን አስተዋፅኦ ወይም ተፅዕኖ ለማወቅ ነው፡፡*

የተከበራችሁ ደንበኞች በእርስዎ አመለካከት የባንኩን የአገልገሎት ጥራትና ተዛማጅ ነገሮች ላይ ያለዎትን አስተያየት በመስጠት ለጥናቱ ስኬታማነት የበኩሉዎን ትብብር ያድርጉ ዘንድ በአክብሮት እጠይቃለሁ፡ ከዚህ መጠይቅ የሚገኘው መረጃ በሚስጥራዊነት የሚያዝ ሲሆን አገልገሎቱም ለትምህርታዊ አላማ ብቻ ነው፡፡ ለሚያደርጉልኝ ትብብር በቅድሚያ አመሰግናለሁ፡፡

እባክዎን ለጥያቂዎቹ በመልስነት ከቀረቡት አማራጮች ውስጥ ምልክት(/) በማድረግ ምላሽዎን ይስጡ፡፡

ክፍል 1

1. *ፆታ*

ወንድ	☐	ሴት	☐

2. እድሜ

18-24	☐	45-54	☐
25-34	☐	55-64	☐
35-44	☐	65 እና ከዛ በላይ	☐

3. የትምህርት ደረጃ

አንደኛ ደረጃ የተማረ	☐	ዲግሪ	☐
ሁለተኛ ደረጃ የተማረ	☐	ማስተር	☐
ዲፕሎማ	☐	ዶክትሬት ድግሪ(PHD)እና ከዛበላይ	☐

ክፍል 2 የአገልግሎት ጥራትና ተያያዥነት ያላቸው ጉዳዮች

ከዚህ በመቀጠል የቀረቡ ዐረፍተ ነገሮች በወጋገን ባንክ ላይ ያለዎትን ስሜት ያመለክታሉ፡፡ ስለዚህ ስለባንኩ አገልግሎት ጥራት በእርስዎ አመለካከት ትክክለኛብለው የሚያስቡትን ከ 1-5 ከቀረቡት አማራጮች መካካል በመምረጥ ምላሽ ይስጡ፡፡

1. እጅግ አልስማማም 2. አልስማማም 3. ገለልተኛ 4. እስማማለሁ 5 እጅግ እስማማለሁ፡

የአግልግሎት ጥራት ገፅታዎቸ	በእጅጉ አልስማማም (1)	አልስማማም (2)	ገለልተኛ (3)	እስማማለሁ (4)	በእጅጉ እስማማለሁ (5)
1. የባንኩ አገልግሎት መስጫ መሳሪያዎች ዘመናዊ ናቸው፡፡					
2. የባንኩ አገልግሎት ቁሳቁሶች ሲታዩ የሚስቡ ናቸው፡፡					
3. የባንኩ ሰራተኞች ፕሮቶኮላቸውን/ ንፅህናቸውን የጠበቁ ናቸው፡፡					
4. ባንኩ ቃል በገባው መሰረት አገልግሎቶችን ያቀርባል፡፡					
5. ባንኩ በአገልግሎት ቅሬታ ያላቸውን ደንበኞች በፍጥነት ያነጋግራል መፍትሄ ይሰጣል፡፡					
6. ባንኩ አገልግሎቱን ገና ከመጀመሪያው በትክክል ይፈፅማል					
7. ባንኩ እፈፅማለሁ ብሎ ቃል በገባው ጊዜ ውስጥ አገልግሎቶቹን ያቀርባል፡፡					
8. ባንኩ ደንበኞች የሚሞሏቸው ቅፆች ላይ ስህተት እንዳይገኝ ያበረታታል፡፡					
9. ባንኩ ቅሬታም ሆነ አስተየየት ለመቀበል የሚጠቅም የአስተያየት መስጫ ሳጥን አለው፡፡					
10. የባንኩ ሰራተኞች አገልግሎቶች በትክክል መቼ እንደሚከናወኑ ይነግርዎታል፡፡					
11. የባንኩ ሰራተኞች ቀልጣፋ አገልግሎት ይሰጥዎታል፡፡					
12. የባንኩ ሰራተኞች እርስዎን ለመርዳት ሁል ጊዜ ዝግጁ ናቸው፡፡					
13. የባንኩ ሰራተኞች ደንበኞች በእነሱ እንዲተማመኑ ያደርጋሉ፡፡					
14. ከወጋገን ባንክ ጋር በሚያደርጉት					

ግብይቶች እምነት ይሰማዎታል፡፡					
15. የባንኩ ሰራተኞች ለእርስዎ ትህትናን ያሳያሉ፡፡					
16. የባንኩ ሰራተኞች ለእርስዎ ጥያቄዎች ምላሽ ለመስጠት የሚያስችል እውቀት አላቸው					
17. ወጋገን ባንክ ለእርስዎ በግል ትኩረት ይሰጥዎታል፡፡					
18. ባንኩ ለሁሉም ደንበኞች አመቺ የሆነ የስራ ሰአት አለው፡፡					
19. ባንኩ ለደንበኞች ምቹ በሆኑ ቦታዎች ላይ ይገኛል፡፡					
20. ወጋገን ባንክ የእርስዎን የግል ፍላጐቶች ያውቃል፡፡					
21. የባንኩ ሰራተኞች የእርስዎን የተለያዩ ፍላጎቶች ይገነዘባሉ፡፡					
22. ባንኩ አገልግሎት ለመስጠት አስፈላጊ እና በቂ የሆኑ ሰራተኞች አሉት፡፡					
23. የደንበኞች ጥያቄ በፍጥነት ይመልሳል፡፡					
24. ባንኩ የተለያዩ የምልክት መሳሪያዎችአሉት /ቦታዎችን የሚያሳዩ አቅጣጫ ጠቋሚዎች/					
25. የባንኩ ሰራተኞች ስህተት በሚፈጥሩበት ጊዜ ፈጥነው ደንበኞችን ይቅርታ ይጠይቃሉ፡፡					
26. በአጠቃላይ በወጋገን ባንክ በሚሰጡ አገልግሎቶች ረክቻለሁ፡፡					

Appendix C: Interview with manager

Interview Guide - English language

Addis Ababa University School of Commerce

Department of Marketing Management

Dear interviewee,

I am conducting a research which shall be submitted in partial fulfillment of the requirements for Master's Degree in Marketing Management. The purpose of this study is to assess the service quality and its effect on customer satisfaction - The case of Wegagen Bank Therefore, this is to kindly request you to take some of your precious time to the interview. Your honest and accurate response will make this study more valuable. Your responses are only meant for academic purpose and will be kept confidential.

Thank you in advance for your time!

Elsa Habte

Elsahabte1@gmail.com

+251923709889

1. Did your bank conduct market research or customers' need assessment for providing better service? If yes, what improvements have been made?
2. Do you think service quality and customer satisfaction as an important strategy for your bank? Explain?
3. What are the strategies applied by the bank to boost the quality service delivery of the bank?
4. What are the measures that your bank is taking to improve customer satisfaction?
5. Employees' attitude /behavior play a central role with regard to customer's satisfaction and quality service delivery. What strategies are followed in the bank to improve the attitude of the employees in relation to customer service?