

**MEASURING THE SERVICE QUALITY OF UNITED  
BANK S.C. AND ITS RELATIONSHIP WITH CUSTOMER  
SATISFACTION**

**By: Deborah Mammo**

**ID No. GSE/0785/04**

**ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE**

**Advisor: Dr. Getie Andualem (PhD)**

**A Research Project Submitted to Addis Ababa University, School of Commerce  
Department of Marketing Management, in partial fulfillment of the requirements  
for the Degree of Master of Arts in Marketing Management.**

**June, 2014**

**Addis Ababa, Ethiopia**

**Statistics**

		Gender of respondents	Age of Respondents	Marital Status of respondents	Education level of respondents
N	Valid	303	303	303	303
	Missing	0	0	0	0

**Gender of respondents**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	207	68.3	68.3	68.3
	Female	96	31.7	31.7	100.0
	Total	303	100.0	100.0	

**Age of Respondents**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-29	144	47.5	47.5	47.5
	30-39	108	35.6	35.6	83.2
	40-49	42	13.9	13.9	97.0
	>=50	9	3.0	3.0	100.0
	Total	303	100.0	100.0	

**Marital Status of respondents**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Single	162	53.5	53.5	53.5
	Married	132	43.6	43.6	97.0
	Other	9	3.0	3.0	100.0
	Total	303	100.0	100.0	

**Education level of respondents**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Elementary	6	2.0	2.0	2.0
	High School	36	11.9	11.9	13.9
	Certificate or Diploma	102	33.7	33.7	47.5
	First Degree	147	48.5	48.5	96.0
	Second Degree and Above	12	4.0	4.0	100.0
	Total	303	100.0	100.0	

**One-Sample Statistics**

	N	Mean	Std. Deviation	Std. Error Mean
Tangability	303	16.5612	2.21553	.22380
Reliability	303	17.4184	1.98927	.20095
Responsiveness	303	21.5258	2.89789	.29424
Empathy	303	20.2105	2.83179	.29054
Assurance	303	17.9794	1.88734	.19163

**One-Sample Test**

	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Tangability	73.999	97	.000	16.56122	16.1170	17.0054
Reliability	86.682	97	.000	17.41837	17.0195	17.8172
Responsiveness	73.158	96	.000	21.52577	20.9417	22.1098
Empathy	69.563	94	.000	20.21053	19.6337	20.7874
Assurance	93.823	96	.000	17.97938	17.5990	18.3598

**Level of Customer Satisfaction**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	somewhat dissatisfied	6	2.0	2.0	2.0
	somewhat satisfied	141	46.5	46.5	48.5
	very satisfied	156	51.5	51.5	100.0
	Total	303	100.0	100.0	

**Correlations**

		Level of Customer Satisfaction	Tangability	Reliability	Responsiveness	Empathy	Assurance
Level of Customer Satisfaction	Pearson Correlation	1	.374**	.328**	.538**	.523**	.404**
	Sig. (2-tailed)		.000	.001	.000	.000	.000
	N	303	98	98	97	95	97
Tangability	Pearson Correlation	.374**	1	.511**	.471**	.421**	.488**
	Sig. (2-tailed)	.000		.000	.000	.000	.000
	N	98	98	95	95	92	94
Reliability	Pearson Correlation	.328**	.511**	1	.585**	.525**	.591**
	Sig. (2-tailed)	.001	.000		.000	.000	.000
	N	98	95	98	94	92	95
Responsiveness	Pearson Correlation	.538**	.471**	.585**	1	.585**	.544**
	Sig. (2-tailed)	.000	.000	.000		.000	.000
	N	97	95	94	97	91	93
Empathy	Pearson Correlation	.523**	.421**	.525**	.585**	1	.584**
	Sig. (2-tailed)	.000	.000	.000	.000		.000
	N	95	92	92	91	95	92
Assurance	Pearson Correlation	.404**	.488**	.591**	.544**	.584**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	97	94	95	93	92	97

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

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.374 <sup>a</sup>	.140	.131	.571

a. Predictors: (Constant), Tangability

**ANOVA<sup>b</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.081	1	5.081	15.569	.000 <sup>a</sup>
	Residual	31.328	96	.326		
	Total	36.408	97			

a. Predictors: (Constant), Tangability

b. Dependent Variable: Level of Customer Satisfaction

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	2.759	.437		6.307	.000		
	Tangability	.103	.026	.374	3.946	.000	1.000	1.000

a. Dependent Variable: Level of Customer Satisfaction

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.328 <sup>a</sup>	.107	.098	.582

a. Predictors: (Constant), Reliability

**ANOVA<sup>b</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.913	1	3.913	11.560	.001 <sup>a</sup>
	Residual	32.495	96	.338		
	Total	36.408	97			

a. Predictors: (Constant), Reliability

b. Dependent Variable: Level of Customer Satisfaction

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	2.711	.521		5.207	.000		
	Reliability	.101	.030	.328	3.400	.001	1.000	1.000

a. Dependent Variable: Level of Customer Satisfaction

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.538 <sup>a</sup>	.289	.281	.520

a. Predictors: (Constant), Responsiveness

**ANOVA<sup>b</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	10.457	1	10.457	38.609	.000 <sup>a</sup>
	Residual	25.729	95	.271		
	Total	36.186	96			

a. Predictors: (Constant), Responsiveness

b. Dependent Variable: Level of Customer Satisfaction

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	2.023	.398		5.081	.000		
	Responsiveness	.114	.018	.538	6.214	.000	1.000	1.000

a. Dependent Variable: Level of Customer Satisfaction

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.523 <sup>a</sup>	.274	.266	.527

a. Predictors: (Constant), Empathy

**ANOVA<sup>b</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.752	1	9.752	35.058	.000 <sup>a</sup>
	Residual	25.869	93	.278		
	Total	35.621	94			

a. Predictors: (Constant), Empathy

b. Dependent Variable: Level of Customer Satisfaction

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	2.164	.392		5.521	.000		
	Empathy	.114	.019	.523	5.921	.000	1.000	1.000

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	2.164	.392		5.521	.000		
	Empathy	.114	.019	.523	5.921	.000	1.000	1.000

a. Dependent Variable: Level of Customer Satisfaction

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.404 <sup>a</sup>	.163	.154	.565

a. Predictors: (Constant), Assurance

**ANOVA<sup>b</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.908	1	5.908	18.538	.000 <sup>a</sup>
	Residual	30.277	95	.319		
	Total	36.186	96			

a. Predictors: (Constant), Assurance

b. Dependent Variable: Level of Customer Satisfaction

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	2.111	.552		3.825	.000		
	Assurance	.131	.031	.404	4.306	.000	1.000	1.000

a. Dependent Variable: Level of Customer Satisfaction



**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.635 <sup>a</sup>	.404	.365	.501

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

**ANOVA<sup>b</sup>**

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	13.276	5	2.655	10.558	.000 <sup>a</sup>
Residual	19.616	78	.251		
Total	32.893	83			

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

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.635 <sup>a</sup>	.404	.365	.501

**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics		
	B	Std. Error	Beta			Tolerance	VIF	
1	(Constant)	1.404	.600		2.340	.022		
	Tangibles	.034	.029	.125	2.169	.014	.672	1.487
	Reliability	.032	.040	.193	2.196	.003	.545	1.834
	Responsiveness	.079	.025	.373	3.098	.001	.528	1.896
	Empathy	.075	.027	.324	2.738	.008	.547	1.827
	Assurance	.073	.041	.218	2.837	.011	.525	1.905

a. Dependent Variable: Satisfaction Level of Customer Satisfaction

**Addis Ababa University School of Commerce Graduate Studies MA Program**

**Measuring Service Quality of United Bank S.C. and its Relationship with Customer Satisfaction**

**By: Deborah Mammo**

**Approved by Board of Examiners**

_____	_____
<b>Name</b>	<b>Signature</b>
_____	_____
<b>Name</b>	<b>Signature</b>
_____	_____
<b>Name</b>	<b>Signature</b>

## Statement of certification

This is to certify that **Deborah Mammo Adera** has carried out her research work on the topic entitled **Measuring Service Quality of United Bank S.C. and its relationship with customer satisfaction**. The work is original in nature and is suitable for submission of the award of Masters Degree in Marketing Management.

\_\_\_\_\_  
Advisor: Getie Andualem (PHD)

Date: \_\_\_\_\_

## Statement of Declaration

I hereby declare that **Measuring Service Quality of United Bank S.C. and its Relationship with customer Satisfaction** project is wholly the work of **Deborah Mammo**. I have carried out the present study independently with the guidance and support of the research advisor **Getie Andualem (PHD)**. Also any other contributors or sources have either been referenced in the prescribed manner or are listed in the acknowledgement together with the nature and the scope of their contribution. And the study has not been submitted for award of any Degree or Diploma program in this or any other institution. It is in partial fulfillment of the requirement of the program Master's Degree in Marketing Management.

---

**Deborah Mammo**

Date: \_\_\_\_\_

## **ACKNOWLEDEMENTS**

First, I would like to thank God for providing me the resources to do this research. Second I would like to extend my appreciation and thanks to my advisor Dr. Getie Andualem (PhD) for the guidance and assistance he provided. Third, I would like to thank United Bank S.C. staff members for their assistance in the distribution and collection of questionnaires. I would also like to thank United Bank S.C. for their approval to the research to be conducted on the company. Finally, I would like to thank my family and friends for their support and encouragement.

## TABLE OF CONTENT

<b>Description</b>	<b>Page no.</b>
Acknowledgments.....	I
Table of Contents .....	II
List of Tables.....	III
List of Figures .....	V
Abstract.....	VI
<b>Chapter One: Introduction 1</b>	
1.1 Background of the study .....	1
1.2 Statement of the problem.....	3
1.3 Objectives of the study.....	4
1.3.1 Specific Objectives.....	4
1.4 Research Hypothesis.....	5
1.5 Definition of terms.....	6
1.5.1 Conceptual definition.....	6
1.6 Significance of the study.....	7
1.7 Delimitation of scope.....	7
1.8 Organization of the research.....	7



## **Chapter Two: Literature Review**

2.1 Introduction .....	8
2.2 Service defined.....	8
2.3 Service characteristics.....	8
2.4 Evidence of service.....	9
2.4.1 Process.....	9
2.4.2 People.....	10
2.4.3 Physical evidence.....	10
2.5 Quality definition.....	10
2.6 Definition of service quality.....	11
2.7 Underlying principles of service quality.....	12
2.8 Service quality dimensions.....	12
2.9 The gap model.....	13
2.10 The SERVQUAL model of measuring service quality.....	15
2.10.1 Problems with SERVQUAL.....	16
2.11 The SERVPERF model of measuring quality.....	16
2.12 Measuring customer satisfaction.....	18
2.13 Relationship between service quality and customer satisfaction.....	18
2.14 The relationship between service quality and profitability.....	20

### **Chapter Three: Research Methodology**

3.1 Introduction .....	21
3.2 Research Design.....	21
3.3 Sample and sampling techniques.....	21
3.4 Procedure for Data Collection .....	23
3.5 Source of data collection.....	24
3.6 Instrument of data collection.....	24
3.7 Method of data analysis.....	25
3.8 Reliability and Validity.....	25
3.8.1 Reliability.....	25
3.8.2 Validity.....	25
3.9 Ethical considerations.....	27

### **Chapter Four: Data Analysis**

4.1 Introduction.....	28
4.2 Reliability Analysis.....	28
4.3 Validity Analysis.....	29
4.4 Respondent's profile.....	29
4.5 Descriptive analysis of service quality measurement.....	31
4.6 Customer Satisfaction.....	32
4.7 Correlation analysis b/n service quality dimensions and customer satisfaction.....	33
4.8 Regression analysis.....	35

4.8.1	Tangibles.....	35
4.8.2	Reliability.....	37
4.8.3	Responsiveness.....	38
4.8.4	Empathy.....	40
4.8.5	Assurance.....	41
4.9	Overall Regression Analysis.....	43

**Chapter Five: Summery of Findings, Conclusions, Recommendation And  
Limitation and Implications for Further Researcher**

5.1	Finding.....	46
5.2	Conclusion.....	47
5.3	Recommendations.....	48
5.4	Limitation and Implications for further researcher.....	49

References

Appendix A

Appendix B

Appendix C

## List of Tables

Table 3.1: List of branches the questionnaire was distributed to .....	24
Table 4.1. :Reliability Measure of service quality dimensions.....	29
Table 4.2.: Customer Profile.....	30
Table 4.3. One Sample Statistics.....	32
Table 4.4: Customer Satisfaction level .....	33
Table 4.5: Correlations.....	34
Table 4.8.1.(a): Model summary of tangibles.....	36
Table 4.8.1.(b): Tangibles coefficients.....	36
Table 4.8.1.(c) Tangibles ANOVA.....	36
Table 4.8.2. (a): Model summary of reliability.....	37
Table 4.8.2. (b): Reliability coefficients.....	37
Table 4.8.2. (c): Reliability ANOVA.....	38
Table 4.8.3. (a): Model summary of responsiveness.....	38
Table 4.8.3.(b): Responsiveness coefficients.....	39

Table 4.8.3.(c) Responsiveness ANOVA.....	39
Table 4.8.4.(a): Model summary of empathy .....	40
Table 4.8.4.(b): Empathy coefficients.....	40
Table 4.8.4.(c) Empathy ANOVA.....	41
Table 4.8.5.(a): Model summary of assurance .....	42
Table 4.8.5. (b): Assurance coefficients.....	42
Table 4.8.5.(c) Assurance ANOVA.....	42
Table 4.9:(a) Model summary for SERVPERF.....	43
Table 4.9.(b): Coefficients table for SERVPERF Model.....	43
Table 4.9.(c): SERVPERF ANOVA.....	43

## List of Figures

### List of Figures

Figure 2.1: Evidence of service(Zeithaml and Bitner (1996:115).....	9
Figure 2.2: The Integrated Gaps Model of Service Quality by Parasuraman et al. (1985).....	14
Figure 2.3: A conceptual model for measuring the relations between the five service quality measurement constructs (reliability, responsiveness, tangibles, assurance and empathy) has on customer satisfaction.....	19

## **Abstract**

*In order to maintain the market share in this time of high competition, commercial banks in Ethiopia need to provide a high quality of service to their customers. This paper measures the service quality of United Bank S.C. and its relationship with customer satisfaction. To do so it used the SERVPERF model of measuring service quality developed by Cronin and Taylor in 1992, which used five dimensions (tangibility, reliability, responsiveness, empathy and assurance). The instrument measured service performance by using twenty two indicators that belong to the five dimensions of SERVPERF. The instrument was tested for reliability and validity before the questionnaire was distributed to 385 customers of United Bank S.C., Addis Ababa branches. In this quantitative survey, Hypothesis was tested to find out whether service quality dimensions had a positive relationship with customer satisfaction. The results indicated that all the dimensions had a positive correlation with service quality and also the regression analysis indicated the two most dominant service quality dimensions from among the five dimensions to be responsiveness followed by empathy. The finding of this study is important to help managers focus their attention on the service quality dimension that matters most to customers.*

## CHAPTER ONE:

### 1. INTRODUCTION

Under this chapter background of the study, statement of the problem, objective of the study, research hypotheses, definition of terms, significance of the study, limitation of the study and organization of the paper will be discussed.

#### 1.1.BACKGROUND OF THE STUDY

Modern banking in Ethiopia began in 1905 with the Bank of Abyssinia, a private company controlled by the Bank of Egypt. In the years that followed, the fate of the banks varied with the style of the government regime. In 1931 Bank of Egypt was liquidated and replaced by the Bank of Ethiopia which was the bank of issue until the Italian invasion of 1936. In 1943, the State Bank of Ethiopia was established, In 1963, the National Bank of Ethiopia (the central and issuing bank) and the Commercial Bank of Ethiopia were formed. (Mauri, 1971). In the period to 1974, several other financial institutions emerged. Then the shift to Marxist government in 1975 brought several changes to the banking system, and saw the nationalization of private banks and insurance companies. After the fall of the socialist regime in 1991 the financial sector of the country witnessed a major shift of paradigm. Numerous private banks, insurances and micro financial institutions were established. (Deribie, 2012). Currently, the number of Ethiopian owned commercial banks has reached nineteen, sixteen private owned and three government owned. And the national bank of Ethiopia has the mandate to License, supervise and regulate the operations of banks, insurance companies and other financial institutions. ([www.nbe.gov.et](http://www.nbe.gov.et))

This paper aims to measure the level of service quality offered by United Bank S.C. Addis Ababa branches and its relationship with overall customer satisfaction level. United Bank S.C. was incorporated as a Share Company on 10 September 1998. ([www.unitedbank.com.et](http://www.unitedbank.com.et)). As of December 31, 2013, it has 46 branches in Addis Ababa and 30 branches in outlying areas in Ethiopia. In the fiscal year 2011/2012 it was the third ranking bank in profits in Ethiopia from among the private commercial banks with a profit of 406,496,613. (Annual report 2012). In the period 2012/2013 it made a profit of 374,162,288 before tax. (Annual report 2013).



Before measuring the service quality, what is the definition of service? Kottler (2003) defined service as any activity or benefit that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical product.

Parasuraman, Zeithaml, V.A., Berry, L.L., (1988) defined service quality and customer satisfaction as “service quality is a global judgment, or attitude, relating to the superiority of the service, whereas satisfaction is related to a specific transaction.

Since service is intangible its measurement becomes difficult than measuring the quality of goods. Different models have been developed to measure the quality of service. The SERVQUAL model by Parasuraman, A., Zeithaml, V.A. and Berry, L. (1985) is the generic model of measuring service quality. The SERVQUAL model is developed to measure service quality from the view point of the customer by comparing what the consumer expected prior to the service and perceived level of service received. The model uses five measurement dimensions: tangibles, reliability, responsiveness, assurance and empathy to measure service quality Parasuraman et al (1988). Based on this generic model the SERVPERF model was developed in 1992 by Cronin and Taylor & this model is a performance only measure of service quality but uses all the dimensions of service quality in the SERVQUAL model. This research uses the SERVPERF (performance only) model to measure the service quality of United Bank S.C. and its relationship with customer satisfaction.

Measuring the performance of the service will help the company know its best service quality dimensions and its weak service quality dimensions. Furthermore it will help the bank know which dimension is more important to customers. This will in turn help the bank improve its service quality then ultimately its customer satisfaction level and profit. Therefore these two questions need to be answered by this study; what is the level of service quality that United Bank S.C. offers in accordance to each service quality measurement dimension? Which dimension of service quality matters more to customers and contributes more to overall customer satisfaction?

With the emergence of new private banks in Ethiopia, competition is increasing. Therefore, one way of offering value to customers is by offering quality service. The findings of the

study will help United Bank S.C. improve the service quality or build on what it is currently practicing to achieve the desired level of service quality.

## **1.2.STATEMENT OF THE PROBLEM**

The number of banks in Ethiopia has now reached nineteen. Consequently competition among them has become tense over the years. Banks being service providing firms can use service as a competitive edge. Providing higher service quality that satisfies customers is one way to win in this competition. Therefore finding out what the current level of service quality is becomes essential for United Bank's future as the competition intensifies. Most of the private banks in the banking industry of Ethiopia offer similar types of products, therefore the differentiation lies in the service quality offered. High quality of service will lead to high customer satisfaction, ultimately profit will increase. (LeBlanc and Nguyen, 1988). Therefore, to what extent the service rendered by United Bank S.C. satisfies customers and ultimately maximizes profit is the focus to this study. The topic of the study is important for United Bank S.C. because the company can use the data obtained for specific investment purposes since the result of the study will focus the bank on areas of service quality dimensions which are found to be more important. Even though much research is done on the area of service quality in banks, it is still important for United Bank S.C. to measure its specific service quality level. Since the bank can find its strongest and weakest service quality dimensions, find which dimensions matter more to customers, find what level of investment is required and act on the dimensions which are found to be most important.

## **BASIC RESEARCH QUESTIONS**

The following are the basic research questions that the study will answer

- i. What is the level of service quality offered by United bank S.C. when measured by using the tangibles, reliability, responsiveness, assurance and empathy dimensions?
- ii. What is the relationship between service quality dimensions and customer satisfaction?
- iii. What is the dominant service quality dimension that has strong relation with customer satisfaction in United Bank S.C.?

- iv. What actions must be taken by managers in order to improve service quality dimensions and satisfy customers?

### **1.3.OBJECTIVES OF THE STUDY**

The objective of this paper is to measure the service quality of UB and its relationship with customer satisfaction, since service quality is a major factor that affects customer satisfaction and the ultimate bottom line, profit. Avkiran(1996)

#### **1.3.1. SPECIFIC OBJECTIVES**

- i. To measure the service quality of United Bank S.C. based on customers' perception of service quality that are measured by using the tangibles, reliability, responsiveness, assurance and empathy dimensions.
- ii. To investigate the relationship between service quality dimensions and customer satisfaction.
- iii. To identify the dominant service quality dimension that has strong relation with customer satisfaction in United Bank S.C.
- iv. To identify actions that must be taken by managers in order to improve service quality dimensions and satisfy customers.

#### 1.4. RESEARCH HYPOTHESIS

**H1o:** Tangibles does not have a significant impact on customer satisfaction in United Bank's branches in Addis Ababa.

**H1a:** Tangibles has a significant impact on customer satisfaction in United Bank's branches in Addis Ababa.

**H2o:**Reliability does not have a significant impact on customer satisfaction in United Bank's branches in Addis Ababa.

**H2a:** Reliability has a significant impact on customer satisfaction in United Bank's branches in Addis Ababa

**H3o:** Responsiveness does not have a significant impact on customer satisfaction in United Bank's branches in Addis Ababa.

**H3a:** Responsiveness has a significant impact on customer satisfaction in United Bank's branches in Addis Ababa.

**H4o:** Empathy does not have a significant impact on customer satisfaction in United Bank's branches in Addis Ababa.

**H4a:** Empathy has a significant impact on customer satisfaction in United Bank's branches in Addis Ababa.

**H5o:** Assurance does not have a significant impact on customer satisfaction in United Bank's branches in Addis Ababa.

**H5a:** Assurance has a significant impact on customer satisfaction in United Bank's branches in Addis Ababa.

**H6a:** SERVPERF dimensions do not have a significant impact on customer satisfaction in United Bank branches in Addis Ababa.

**H6o:** SERVPERF dimensions have a significant impact on customer satisfaction in United Bank branches in Addis Ababa.

## 1.5.DEFINITION OF TERMS

**1.5.1. CONCEPTUAL DEFINITION-** definition of terms concepts or variables from the theoretical perspective.

- **Service** is defined as activity or benefit that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Kotler (2003)
- **Quality** is defined as the totality of features and characteristics of a product or service that bears on its ability to satisfy given needs. Jones and Lockwood, (1989). Quality is defined as fitness for purpose. Jones and Lockwood, (1989)
- **Service quality vs Customer satisfaction** is a global judgment, or attitude, relating to the superiority of the service, Parasuraman, Zeithaml, V.A., Berry, L.L., (1988). Customer satisfaction is related to a specific transaction. Parasuraman, Zeithaml, V.A., Berry, L.L., (1988)
- **SERVQUAL** is a model developed to measure service quality from the view point of the customer by comparing what the consumer expected prior to the service and perceived level of service received. Parasuraman, A., Zeithaml, V.A. and Berry, L. (1985)
- **SERVPERF** is a model of measuring service quality developed in 1992 by Cronin and Taylor and it is a performance only measure of service quality which uses the dimensions of SERVQUAL model.
- Definition of service quality measurement dimensions according to Parasuraman et al. (1988)
  - o **Reliability.** This dimension refers to the ability to perform the service dependably and accurately.
  - o **Responsiveness.** This dimension refers to the willingness to help customers and provide prompt service.
  - o **Tangibles.** This dimension refers to the Physical facilities, equipment, and appearance of personnel.
  - o **Assurance.** This dimension refers to employee's knowledge, courtesy and ability to convey trust and confidence.
  - o **Empathy.** This dimension refers to the level of caring and individual attention provided to customers.

### **1.6.SIGNIFICANCE OF THE STUDY**

The study will have the practical significance of helping management of United Bank S.C. improve the service quality dimensions that are found to be weak and build on those that are found to be strong. This study, its methodology and service quality measurement style can also be used for other researchers who want to measure service quality of commercial banks in Ethiopia since the environmental factors are different in different countries and the constructs are measured for their validity, it can also be used for similar measurements performed in similar situations.

### **1.7.DELIMITATION OR SCOPE**

Due to financial limitations this study is limited to United Bank branches found in Addis Ababa only. In addition the time assigned to complete this study is not sufficient for the researcher to make a thorough investigation in this area within this short period of time.

### **1.8.ORGANIZATION OF THE RESEARCH**

This paper has have five chapters. The first chapter deals with of background of the study, statement of the problem, objective of the study, research hypotheses, definition of terms, significance of the study, limitation of the study and organization of the paper. The second chapter deals with review of literature. The third chapter discusses the methodology. The fourth chapter is the presentation, analysis, interpretation and summary of major findings. The fifth chapter is the finding, conclusion, recommendation and further area of study.

## CHAPTER TWO

### 2. LITRATURE REVIEW

#### 2.1. INTRODUCTION

This paper is about measuring service quality and its relationship with customer satisfaction so the chapter starts by defining what service is & its characteristics, then it explains in detail how it can be measured and its relationship with customer satisfaction and profit.

#### 2.2.SERVICE DEFINED

Different authors defined service in different ways Kottler (2003) defined service as any activity or benefit that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical product.

A service is also defined as an act or performance offered by one party to another. Although the process may be tied to a physical product, the performance is essentially intangible and does not normally result in ownership of any of the factors of production.

Services are economic activities that create value and provide benefits for customers at specific times and places, as a result of bringing about a desired change in—or on behalf of—the recipient of the service. (Lovelock and Wright, 1999)

According to Valerie A & Mary Jo.(2000) Services are deeds, processes, and performances. Services are not tangible things that can be touched, seen, and felt, but rather are intangible deeds and performances.

#### 2.3. SERVICE CHARACTERISTICS

Service possesses four inherent characteristics not found in goods: intangibility, perish ability, inseparability, and variability.

- i. Intangibility: lack of tangible assets of a service, which can be seen, touched, or smelled prior to purchase.
- ii. Perish ability: inability of a service to be inventoried or stored.
- iii. Inseparability: simultaneous production and consumption of a service.

- iv. **Variability:** unwanted or random levels of service quality customers receive when they patronize a service firm. Because of the variability characteristic of service, standardization is more difficult. (Clow & Kurtz, 2003)

## 2.4. EVIDENCE OF SERVICE

Because services are intangible, customers not only rely on price to evaluate service quality, but also seek for evidence of service in every interaction they have with an organization to build an impression of service perceptions. Zeithaml and Bitner (1996:113) discover three elements of evidence experienced by the customer: process, people, physical evidence (shown in Figure 2.1).

**2.4.1. PROCESS:** Refers to a series of activities or steps in the service delivery process, the level of flexible function and technology of the service performances, which influence the service perceptions of customers (Lovelock 2001:39).



Source: Zeithaml and Bitner (1996:115)

Figure 2.1. Evidence of Service



- 2.4.2. PEOPLE:** Refers to the persons in service transactions including the personnel in service transactions, customers themselves and other customers within the interaction setting (Zeithaml & Bitner 1996:114). Customers share the service environment with other customers as they consume the service. Fellow customers can either enhance or detract from a customer's perception of quality (Wu 2007:1519).
- 2.4.3. PHYSICAL EVIDENCE:** Assists customers in service evaluation because the intangibility of the service often makes it difficult for customers to evaluate service perceptions. Physical evidence consists of facility exterior, facility interior and tangibles. Facility exterior includes the exterior design, parking, landscaping and the surrounding environment; facility interior includes the interior design, equipment used to customers and air quality; tangibles are tangible cues such as business cards, stationery, receipts and brochures (Hoffman & Bateson 2006:225).

## 2.5. QUALITY DEFINITION

Quality is defined as the totality of features and characteristics of a product or service that bears on its ability to satisfy given needs. The modern concept of quality is characterized by fitness for purpose, that is, it shifts the evaluation of quality from the provider to the consumer. The service provider therefore has to be aware of the consumers' attitudes and perspectives in order to be able to provide quality services (Jones and Lockwood, 1989). This is coupled with the fact that customers are becoming increasingly sensitive to quality (Augustine and Ho, 1998). Similarly, many authors concur with the modern concept of quality where the ultimate goal of quality is about meeting the needs and exceeding the expectation of customers (Juran, 1979; Oakland, 1989; Owen and Malkovich, 1995). In this aspect, service quality is an integral part in satisfying customers who possess certain characteristics or features that are unique to one another, thus leaving the challenge to the producers of services to understand true customer needs and translate these into services that will satisfy those needs.

## 2.6.DEFINITION OF SERVICE QUALITY

Parasuraman, A., Zeithaml, V.A. and Berry, L. (1985) defined service quality as “the degree and direction of discrepancy between consumer’s perceptions and expectations in terms of different but relatively important dimensions of the service quality, which can affect their future purchasing behavior.” After making a purchase, customers compare the service they expected to get with what they actually receive. They decide how satisfied they are with service delivery and outcomes, and they also make judgments about quality. Following a service encounter, customers may evaluate their levels of satisfaction or dissatisfaction and may use this information to update their perceptions of service quality.

They must, of course, experience a service before they can be satisfied or dissatisfied with the outcome. But beliefs about quality don't necessarily reflect personal experience. People often make quality judgments about services they have never consumed, basing these evaluations on comments by acquaintances or on advertising messages.(Lovelock and Wright, 1999).

Therefore customers can have expectations of how the service will be eventhough they have not experienced the service however they have to experience the service to know the performance. Service quality has truly presented a significant influence on customers to distinguish competing organizations and contribute effectively to customer satisfaction (Parasuraman et al., 1985). Since the number of private banks is increasing in the Ethiopian banking industry, customers will use service quality to distinguish between the competing banks. And the banks should work to satisfy the customers better than the competition.

## 2.7.UNDERLYING PRINCIPLES OF SERVICE QUALITY

When discussing the concept of service quality, three underlying principles should be kept in mind.

- a. Service quality is more difficult for the consumer to evaluate than the quality of good.
- b. Service quality is based on consumers' perceptions of the outcome of the service and their evaluation of the process by which the service was performed.
- c. Service quality perceptions result from a comparison of what the customer expected prior to the service and the perceived level of service received.

The process used by consumers in evaluating service differs from the process used for goods. Service tends to be high in experience and credence qualities while goods tend to be high in search qualities. Search qualities are attributes that consumers can evaluate prior to purchasing a service or good. Experience qualities are attributes that consumers can evaluate only during or after the consumption process. Credence qualities are attributes that customers have difficulty evaluating even after the consumption is complete.(Clow & Kurtz, 2003)

## 2.8.SERVICE QUALITY DIMENSIONS

Parasuraman et al. (1985) have originally identified ten determinants of service quality generic to the service industry. These determinants were tangibles, reliability, responsiveness, competence, courtesy, credibility, security, access, communication, and understanding the customer.

At a later stage, Parasuraman et al. (1988) developed a 22-item instrument, recognized as SERVQUAL, that has become widely used as a generic instrument for measuring service quality. The instrument items represent the five dimensions explained below:

- a. **Reliability.** This dimension refers to the ability to perform the service dependably and accurately.
- b. **Responsiveness.** This dimension refers to the willingness to help customers and provide prompt service.
- c. **Tangibles.** This dimension refers to the Physical facilities, equipment, and appearance of personnel.

**d. Assurance.** This dimension refers to employee's knowledge, courtesy and ability to convey trust and confidence.

**e. Empathy.** This dimension refers to the level of caring and individual attention provided to customers.

Of these five dimensions, reliability has consistently proven to be the most important factor in customers' judgments of service quality. Reliability improvements lie at the heart of service quality enhancement efforts because unreliable service implies broken promises on the attributes that customers care about. If the core service is not performed reliably, customers may assume that the company is incompetent and may switch to another service provider. (Lovelock and Wright, 1999)

## 2.9.THE GAP MODEL

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

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

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

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

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

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

Gap five is the sum of gaps one through four and is the overall comparison of what consumers expected from the service provider and their perception of the service they received from the service provider. A negative score indicates that the service did not meet the consumer’s expectation; a zero score means the service met expectations and a positive score means the service exceeded the customer’s expectations. (Clow & Kurtz, 2003)

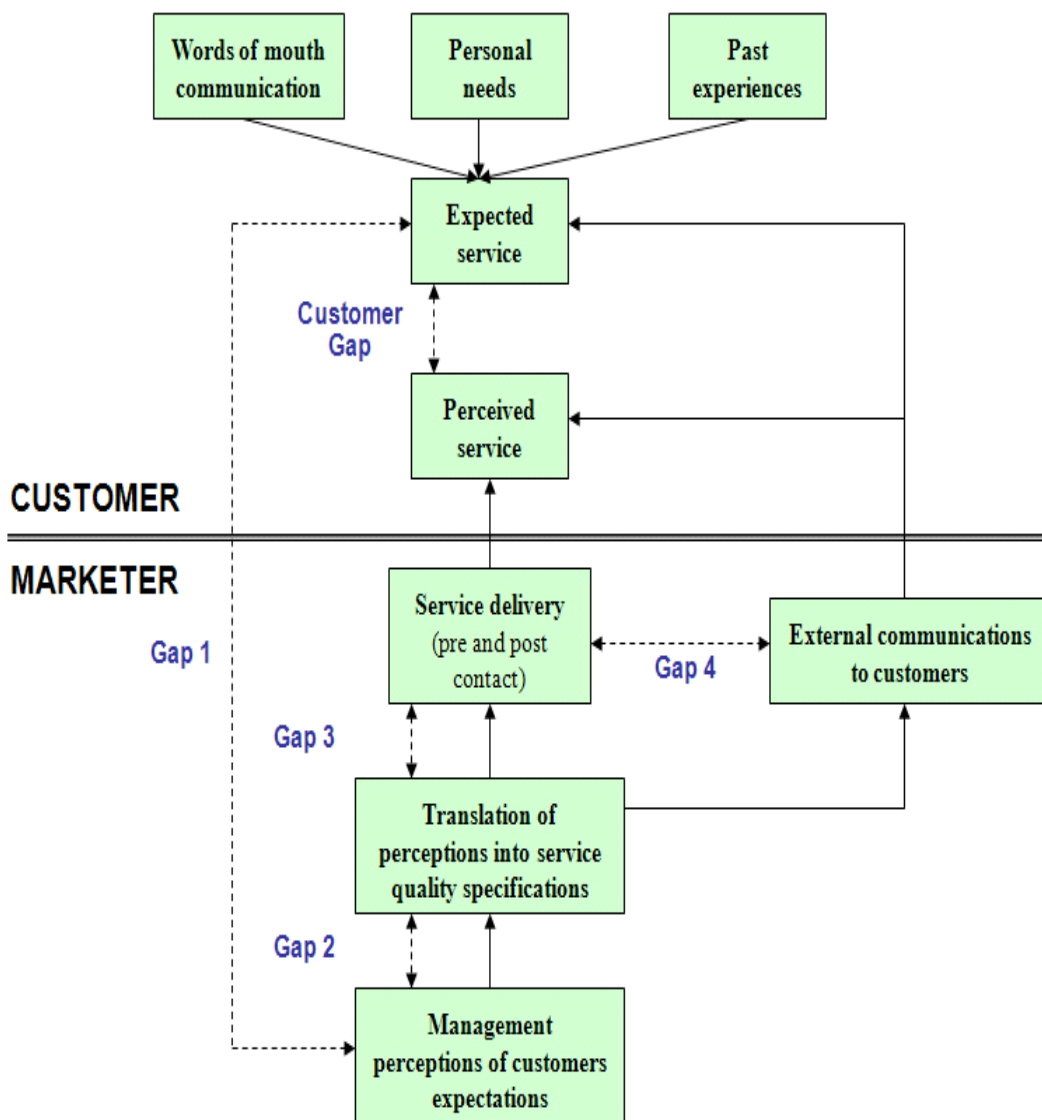


Figure 2.2. The Integrated Gaps Model of Service Quality by Parasuraman et al. (1985)

## 2.10. THE SERVQUAL MODEL OF MEASURING SERVICE QUALITY

Based on the gaps model, Parasuraman et al. (1985) have developed a generic method of measuring service quality called the SERVQUAL model by calculating service quality by subtracting a customer's perceived level of service received from what was expected. SERVQUAL model which was originally identified by Parasuraman et al. (1985) consists of two sections. A 22-item section measuring the service quality expectation within a specific sector and a corresponding 22-item section measuring the perception of service quality of a particular company in that sector (Parasuraman et al., 1988, 1991). The SERVQUAL model uses the 22 questions to measure the five dimensions of tangibles, reliability, responsiveness, assurance and empathy. Parasuraman et al. (1988, 1991) have consistently observed that reliability had the strongest regression coefficient, assurance and responsiveness had the next strongest coefficients, and empathy and tangibles had the weakest coefficients. These observations were, however, not verified statistically. Through this model firms can measure customers' evaluations of their service performance. For example if customers consistently give a firm low scores for one dimension, such as reliability, then the firm's management can take steps to improve that particular dimension for their service offering. (Clow & Kurtz, 2003).

According to Parasuraman et al. (1985), service quality is a function of perception and expectations and can be modeled as:

$$SQ = \sum_{j=1}^k (P_{ij} - E_{ij})$$

where:

SQ= overall service quality; k = number of attributes.

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

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

### **2.10.1. PROBLEMS WITH SERVQUAL**

Although SERVQUAL is an excellent instrument for measuring service quality, managers must be aware of potential problems with the instrument, as well as with the gap theory methodology on which it is based. An understanding of these problems may prevent service companies from misinterpreting the result and developing inappropriate marketing plans. The SERVQUAL instrument has three potential problems. First, SERVQUAL measures customers' expectations of the ideal firm in a particular service industry. This may or may not be relevant to the capabilities of a particular service firm of the set of service firms available to a customer. The second problem is its generic nature. Since it is not industry specific, it does not measure variables that may be important to a particular industry. The third problem with the SERVQUAL deals with the gap theory methodology used for measuring the level of service quality. Measuring consumer expectations after a service has been provided will bias consumers' responses. If customers had a positive experience at Blockbuster, they will tend to report lower scores for their expectations, so there is a measurable gap between what they expected and the actual service they received. (Clow & Kurtz, 2003).

### **2.11. THE SERVPERF MODEL OF MEASURING SERVICE QUALITY**

The SERVPERF model of measuring service quality was developed by Cronin and Taylor in 1992. Although the base for the SERVPERF model is the SERVQUAL model which is explained above, Cronin and Taylor (1992, 1994) argue that measuring service quality using a performance-minus expectations (SERVQUAL) basis is inappropriate and suggest that performance-only (SERVPERF) measurement is a better method. SERVPERF is composed of the 22 perception items in the SERVQUAL scale, and therefore excludes any consideration of expectations. The authors investigated the conceptualization and measurement of service quality and its relationship with consumer satisfaction and purchase intentions. They compared computed difference scores with perception to conclude that perceptions only are better predictor of service quality. They argued on the framework of Parasuraman et al. (1985), with respect to conceptualization and measurement of service quality and developed performance only

measurement of service quality called SERVPERF by illustrating that service quality is a form of consumer attitude and the performance only measure of service quality is an enhanced means of measuring service quality. They argued that SERVQUAL confounds satisfaction and attitude. They stated that service quality can be conceptualized as “similar to an attitude”, and can be operationalized by the adequacy-importance model. In particular, they maintained that Performance instead of “Performance-Expectation” determines service quality.

Service quality is evaluated by perceptions only without expectations and without importance weights according to the formula:

$$SQ = \sum_{j=1}^k P_{ij}$$

where:

SQ = overall service quality;

k = the number of attributes;

$P_{ij}$  = performance perception of stimulus i with respect to attribute j.

Even though, Parasuraman et al., 1994 contend that the SERVQUAL scale using the expectations/performance gaps method is a much richer approach to measuring service quality and augment their earlier assertion (e.g. Parasuraman et al., 1985, 1988, 1993) that service quality is a multidimensional rather than a unidimensional construct, other researchers like Carman, 1990; Van Dyke et al., 1997 have found that empirical problems of the instrument lie in its dimensionality.

Cronin and Taylor (1992) have examined a performance-based measure of service quality, called SERVPERF in four industries (banking, pest control, dry cleaning and fast food). They found that this measure explained more of the variance in an overall measure of service quality than did SERVQUAL. SERVPERF (performance-only) results in more reliable estimations, greater convergent and discriminant validity, greater explained variance, and consequently less bias than the SERVQUAL (Cronin and Taylor, 1992; Quester et al., 1995; Llusar and Zornoza, 2000). Therefore this study uses the SERVPERF model to measure the quality of service in United Bank S.C.



## 2.12. MEASURING CUSTOMER SATISFACTION

To improve its customer satisfaction levels, a company must first find out how satisfied or dissatisfied its current customers actually are. One common way of measuring satisfaction is to ask customers first to identify what factors are important in satisfying them and then to evaluate the performance of a service provider and its competitors on these factors. Many firms use a five-point scale to measure customer satisfaction, with the following format:

1 = very dissatisfied

2 = somewhat dissatisfied

3 = neutral

4 = somewhat satisfied

5 = very satisfied

The results of these satisfaction surveys can be used to estimate the number of loyal customers a firm has, as well as how many are at risk of defecting. Lovelock and Wright (1999).

## 2.13. RELATIONSHIP BETWEEN SERVICE QUALITY AND CUSTOMER SATISFACTION

Understanding satisfaction and its relation to service quality have been recognized as significant for building service improvement strategies (Gill and White, 2009). Parasuraman et al (1988) defined service quality and customer satisfaction as “service quality is a global judgment, or attitude, relating to the superiority of the service, whereas satisfaction is related to a specific transaction”. The bond between service quality and customer satisfaction has been addressed in a number of studies where it commonly trusted that higher degrees of service quality lead to higher degrees of customer’s satisfaction (Gotlieb J.B., Grewal, D. and Brown, S.W., 1994; Kang and James, 2004; Oliver, 1997). Furthermore Parasuraman, Zeithaml and Berry (1994) deem that satisfaction is a result of service quality.

Others believe that service quality is a vital antecedent of customer satisfaction (Cronin and Taylor, 1992). In turn, customer satisfaction is believed to affect post purchase and perception and future decisions. Therefore we can conclude that if banks can offer higher service quality, their customers will be satisfied. Most companies realize that by improving performance on service attributes, customer satisfaction should increase. This should, in turn, lead to greater customer retention and improved profitability. (Lovelock and Wright, 1999)

#### - CONCEPTUAL MODEL

This study is conducted on the hypothesis that the five service quality measurement dimensions contribute positively to customer satisfaction as depicted below.

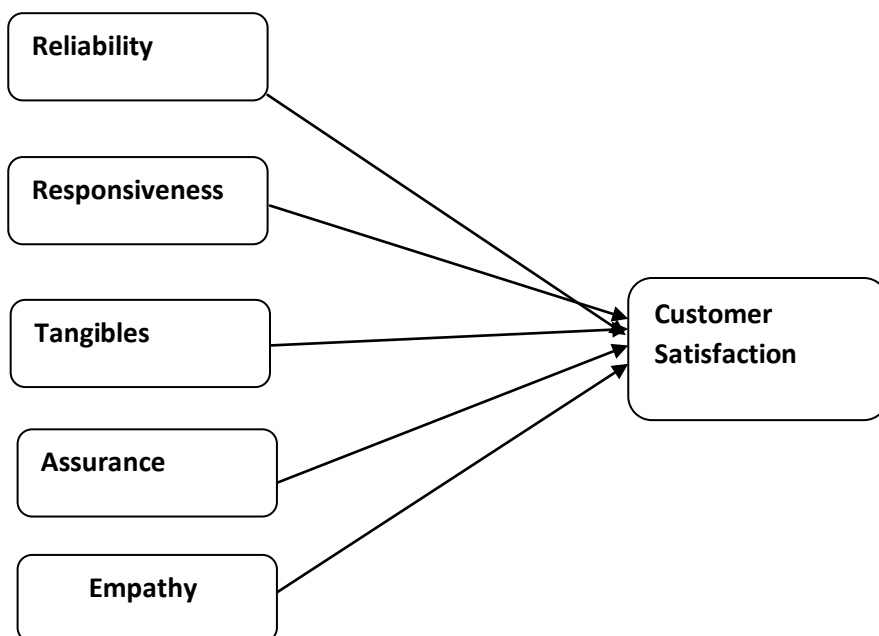


Fig. 2.3. A conceptual model for measuring the relations between the five service quality measurement constructs (reliability, responsiveness, tangibles, assurance and empathy) has on customer satisfaction. (Cronin and Taylor, 1992)

## **2.14. THE RELATIONSHIP BETWEEN SERVICE QUALITY AND PROFITABILITY**

The relationship between service quality and profitability is typically not easy to track for a variety of reasons. Service quality benefits accumulate over time rather than being experienced in the short term. This makes them difficult to measure using traditional market research techniques. Another complicating factor is that many variables contribute to corporate profits (including pricing, distribution, advertising, and competition); it's hard to isolate the effects these individual factors have on the bottom line. Lovelock and Wright (1999) however some studies have proved that service quality was a major determinant of profit. For instance in the case of banks, the relative similarity of the products offered by different banks has led to an increased emphasis on service quality in the highly competitive retail banking sector. A large telephone survey of bank customers identified poor customer service quality as the most frequent reason for account closures. Analysis of the study results and bank branch profits indicated that customer service quality was a major determinant of how well individual branches performed. Avkiran(1996). According to a study by LeBlanc and Nguyen (1988), the cost of mediocre service quality may be as high as 40 percent of revenues in some service industries. Since the ultimate goal of service offering firms like commercial banks is profit, and this study have proved that profit can be achieved by offering better service, Banks should make service quality a top priority.

## **CHAPTER THREE:**

### **RESEARCH METHODOLOGY**

#### **3.1.INTRODUCTION**

In this chapter, the methodology of the research is discussed. It consists the research design, the sample and sampling techniques, procedure used to collect data, method of data analysis and reliability and validity.

#### **3.2.RESEARCH DESIGN**

This study is quantitative since it collected quantitative data on the service quality measurement dimensions by using SERVPERF model. (Cronin and Taylor, 1992) The model offers five dimensions to measure service quality. These five dimensions are the independent variables which are tangibles, reliability, responsiveness, assurance and empathy used to measure service quality. The effect of the independent variables on the dependent variable customer satisfaction is measured by this study.

#### **3.3.SAMPLE AND SAMPLING TECHNIQUES**

The researcher wants to measure the quality of service in United Bank S.C. from the view point of the customers in accordance with the SERVPERF model of measuring service quality. Therefore, the population under study are all customers of United Bank S.C. The sampling frame is all the account holders of the Addis Ababa Branches i.e 244,257 saving, special, current and fixed account holders as of December 30, 2013.

Sample size is 385 customers from a population of approximately 244,257 customers as of December 31, 2013 according to company data. The sample size to this study is determined by using the formula developed by Cochran (1963:75). Sample size from the customers is calculated as follows:

$$n_0 = \frac{Z^2 pq}{e^2}$$

Where:  $n_0$  = the sample size

$Z^2$  = the abscissa of the normal curve that cuts off an area  $\alpha$  at the tails ( $1 - \alpha$  equals the desired confidence level, i.e. 95%)

$e$  = the desired level of precision

$p$  = the estimated proportion (standard deviation) of an attribute that is present in the population, and  $q$  is  $1-p$ .

The value for  $Z$  is found in statistical tables which contain the area under the normal curve.

$$n_0 = \frac{(1.96)^2 (0.5)(0.5)}{(0.05)^2} = 385.$$

The above sample size is the representative sample proportion at 95% confidence level and  $\pm 5\%$  precision when the population is large and unknown.

If the population is small, then the sample size can be reduced slightly. This is because a given sample size provides proportionately more information for a small population than for a large population. As a result, the sample size ( $n_0$ ) can be adjusted (Cochran 1963:75).

Since the population for this study is finite, the sample size ( $n_0$ ) can be adjusted as follows:

$$n = \frac{n_0}{1 + \frac{(n_0 - 1)}{N}}$$

Where  $n$  is the sample size and  $N$  is population of the study.

$$n = 384.8236384 \approx \mathbf{385}$$

### 3.4. PROCEDURE FOR DATA COLLECTION

Regarding the sampling technique, a proportional stratified sampling of 9 branches (approximately 20% from each strata of 46 branches) is selected to distribute the questionnaire. Then 43 customers who walked in to each of these branches & who are willing to fill out the questionnaire were asked to fill out the questionnaire. A total of 387 questionnaires were distributed to potential respondents. However, the total amount of usable questionnaires obtained were 303, that is a response rate of 78.7%. The sample is representative because a rule of thumb, a sample size of 200–300 should be considered to be adequate for a proper analysis. (Gaur A. and Gaur,2009)

The questionnaire was distributed to the following nine branches of United Bank Addis Ababa Branches (see table 3.1.). The branches of United Bank S.C. are grouped as A, B & C in accordance to their performance. The researcher used proportional stratified sampling method, to select 20% of branches from each strata. The researcher took 20% from each strata due to time and financial constraints. The proportional stratified sampling method was used to make every strata represented in the study. As of December 2013, when this study started, United Bank S.C. had 19 Grade A branches, 17 Grade C branches and 10 B grade branches.

**Table 3.1. List of branches the questionnaire was distributed to**

S.No.	Name of Branch	Grade of Branch	Number of sample distributed
1	Beklo Bet	A	43
2	Birr Amba	A	43
3	Urael	C	43
4	Etegue Taitu	B	43
5	Kotebe	C	43
6	Tekele Haimanott	A	43
7	Addisu Gebeya	B	43
8	Sidist Kilo	C	43
9	Tana	A	43
<b>Total</b>			<b>387</b>

### 3.5. SOURCE OF DATA COLLECTION

Primary data was collected from questionnaire. Secondary data was collected from books, journals, internet, annual reports, and United Bank's website.

### 3.6. INSTRUMENTS OF DATA COLLECTION

The instrument used was a Structured Questionnaire as instrument of data collection. The questionnaire was designed for customers of the bank in five scale Likert measurement.

All the questions were positively worded to aid in the coding to SPSS then the Questionnaire was translated into Amharic. The face validity was checked by pilot testing the questionnaire to staff members of United Bank and some customers. A 22 Item Measure was used to indicate the customers' degree of agreement for the 22 performance statements, based on their assessments of the services provided by the bank adopted from SERVPERF model by Cronin and Taylor's(1992), a five-point rating scale was used to measure performance in which the alternatives range from "strongly agree" to "strongly disagree". Customer satisfaction was measured with one scale adopted from Lovelock & wright (1999) with response ranging from 'very satisfied' to 'very dissatisfied'.

### **3.7. METHOD OF DATA ANALYSIS**

Descriptive statistics was used to interpret demographic variables of the respondents and to find the mean scores of service quality dimensions whereas inferential statistics was used for hypothesis testing using correlation and regression analysis via SPSS version 16. The dependent variable is customer satisfaction and the independent variables are the service quality measurement dimensions (tangibles, reliability, responsiveness, assurance and empathy).

### **3.8. RELIABILITY AND VALIDITY**

The validity and reliability of the measurement dimensions of service quality have been checked;

#### **3.8.2. RELIABILITY**

The Cronbach alpha coefficient is an indicator of internal consistency of the scale. A high value of the Cronbach alpha coefficient suggests that the items that make up the scale “hang together” and measure the same underlying construct. A value of Cronbach alpha above 0.70 can be used as a reasonable test of scale reliability. (Gaur A. and Gaur S., 2009)

Therefore all the five dimensions of measuring service quality were found to be high in their internal consistency and thereby in measuring the dimensions of interest. (Cronbach alpha >0.7 good) (Nunally, 1978)

#### **3.8.2. VALIDITY**

The first step in assessing validity is called the face validity test. Face validity establishes whether the measuring device looks like it is measuring the correct characteristics. The face validity test is done by showing the instrument to experts and actual subjects and analyzing their responses qualitatively. (Gaur A. & Gaur S. 2009) Therefore the researcher tested the face validity of the instrument by showing it to United Bank S.C. managerial and non managerial staffs and some customers. Afterwards some adjustments were made. In addition the researcher



had to use some indicators which were adapted to the banking industry by referring to other researchers' constructs. This was done because one of the problems with the generic SERVQUAL measures is it has to be adapted to the specific industry (Clow & Kurtz, 2003). Some of the measurement instruments which have been tested for their validity and reliability have been adopted from other researches to make the study industry specific. (Jabnoun & Tamimi, 2003) to make the study more industry specific. By doing so the measure was adopted to the banking industry.

Construct validity is one of the most commonly used techniques in social sciences. Based on theory, it looks for expected patterns of relationships among variables. Construct validity thus tries to establish an agreement between the measuring instrument and theoretical concepts. To establish construct validity, one must first establish a theoretical relationship and examine the empirical relationships. Empirical findings should then be interpreted in terms of how they clarify the construct. (Gaur & Gaur, 2009) Internal validity, also called causality, examines whether the observed change in a dependent variable is indeed caused by a corresponding change in hypothesized independent variable, and not by variables extraneous to the research context. (Bhattacharjee A., 2012). By using the Pearson correlation coefficient between the customer satisfaction level and the five dimensions of service quality, the causality of independent variable and dependent variable was established at 95% confidence level.

### **3.9. ETHICAL CONSIDERATIONS**

In order to keep the confidentiality of the data given by respondents, the respondents are not required to write their name and assured that their responses is treated in strict confidentiality. The purpose of the study is disclosed in the introductory part of the questionnaire. The questionnaires were distributed only to voluntary participants. Lastly, approval was obtained from the top management of the United Bank S.C. to access the necessary data.

## CHAPTER FOUR

### DATA ANALYSIS

#### 4.1 INTRODUCTION

In this chapter, the data collected from respondents has been analyzed and interpreted. A structured questionnaire was distributed to 387 account holder customers of United Bank S.C.. Out of these, 303 questionnaires were collected and usable, that is a 78.70% response rate. SPSS version 16 was used for the analysis.

The analysis had the objective of measuring service quality level of United Bank S.C. using the SERVPERF model then establishing the relationship between service quality and customer satisfaction. The hypothesis that, service quality measurement dimensions have a significant impact on customer satisfaction have been tested. In order to proceed with the analysis the reliability and validity of the construct was tested. Finally the study established a model United Bank S.C. can use to prioritize from among the service quality dimensions by using regression analysis.

#### 4.2 RELIABILITY ANALYSIS

Reliability refers to the confidence we can place on the measuring instrument to give us the same numeric value when the measurement is repeated on the same object. (Gaur & Gaur, 2009) The dimensions for measuring service quality as explained in the literature are established by the SERVQUAL model as tangibles, reliability, responsiveness, empathy and assurance. But the scale has to be checked for its internal consistency or whether it measures what it set out to measure. The Cronbach alpha coefficient is an indicator of internal consistency of the scale. A high value of the Cronbach alpha coefficient suggests that the items that make up the scale “hang together” and measure the same underlying construct. A value of Cronbach alpha above 0.70 can be used as a reasonable test of scale reliability. (Gaur & Gaur, 2009)

Therefore all the five dimensions of measuring service quality were found to be high in their internal consistency and thereby in measuring the dimensions of interest.

**Table 4.1. Reliability Measure of service quality dimensions**

<b>Dimensions</b>	<b>No of Items</b>	<b>Cronbach's Alpha</b>
Tangibles	4	0.772
Reliability	4	0.701
Responsiveness	5	0.745
Empathy	5	0.781
Assurance	4	0.789
<b>Collective reliability</b>	<b>22</b>	<b>0.747</b>

Own survey, 2014

As can be seen from Table 4.1, all the dimensions have relatively the same Cronbach Alpha results which are over 0.70. This implies that all the service quality measurement dimensions have internal consistency. Assurance has the highest alpha result with a 0.789, followed by Empathy 0.781, Tangibles 0.772, Responsiveness 0.745 and Reliability 0.701.

### 4.3 VALIDITY ANALYSIS

The empirical findings of this study conducted by using Pearson correlation have proven that there is a relationship between service quality dimensions and customer satisfaction at  $p < 0.05$  coefficient level for all the five dimensions. Therefore the validity of the instrument is supported at a high level of significance. (See correlation Table 4.5)

### 4.4 RESPONDENTS' PROFILE

To find out background information about the respondents, the customers of United Bank S.C. were asked their Gender, age, marital status and education level. Therefore, the results obtained from the structured questionnaire of the 303 customers of United Bank S.C. is presented below.

**Table 4.2. Customer Profile**

Sex	Frequency	Percent	Valid Percent	Cumulative Percent
Male	207	68.3	68.3	68.3
Female	96	31.7	31.7	100
<b>Total</b>	<b>303</b>	<b>100</b>	<b>100</b>	
<b>Age</b>				
Below 18-29	144	47.5	47.5	47.5
30-39	108	35.6	35.6	83.2
40-49	42	13.9	13.9	97
>=50	9	3	3	100
<b>Total</b>	<b>303</b>	<b>100</b>	<b>100</b>	
<b>Marital Status</b>				
Single	162	53.5	53.8	53.8
Married	132	43.6	43.6	97.4
Other	9	3	2.9	100
<b>Total</b>	<b>303</b>	<b>100</b>	<b>100</b>	
<b>Education level</b>				
Elementary	6	2	2	2
High School	36	11.9	11.9	13.9
Certificate or Diploma	102	33.7	33.7	47.5
First Degree	147	48.5	48.5	96
Second Degree and Above	12	4	4	100
<b>Total</b>	<b>303</b>	<b>100</b>	<b>100</b>	

Own survey, 2014

Out of the 303 respondents, 207 (68.3%) were male and 96(31.7%) were female. which shows the male dominancy of the bank customer. The highest percentage of respondents 144 (47.5%), were between 18 to 29 years old, followed by 108 (35.6%), between 30-39 years old, 42 (13.9%)

between 40-49 age group and 9 (3%) were above 50 years old. Marital status of the respondents show a distribution of 162(53.5%) single, 132(43.6%) married and 9(3%) other category. With regard to educational level of respondents, the highest number have a first degree comprising 147 (48.5%) of the respondents, followed by 102(33.7%) of the respondents who have certificate or diploma, and 36(11.9)% who finished high school, 12(4%) who have a second degree and above, and lastly 6(2.0%) who finished elementary education.

#### 4.5 DESCRIPTIVE ANALYSIS OF SERVICE QUALITY MEASUREMENT

In measuring the perception of service quality customers have about the bank, they responded to SERVPERF model 22 indicators on a five point Likert scale. The Mean scores and standard deviation have been computed for all the dimensions categorized in their respective five service quality dimensions. A brief description of the meaning of the dimensions is listed below;

- a. **Reliability.** This dimension refers to the ability to perform the service dependably and accurately.
- b. **Responsiveness.** This dimension refers to the willingness to help customers and provide prompt service.
- c. **Tangibles.** This dimension refers to the Physical facilities, equipment, and appearance of personnel.
- d. **Assurance.** This dimension refers to employee's knowledge, courtesy and ability to convey trust and confidence.
- e. **Empathy.** This dimension refers to the level of caring and individual attention provided to customers. Parasuraman et al. (1988)

The five dimensions and their mean and standard deviation was calculated a one sample T test, the result is presented on the table below. As shown in Table 4.3. all the service quality dimensions have a high mean score, i.e., Tangability, Reliability and Assurance were expected to have maximum aggregated score of 20, accordingly, their mean value is also approaching the maximum score; 16.5612, 17.4184, and 17.9794 mean score respectively. Likewise, the mean of the remaining dimensions of Responsiveness and Empathy are also approaching the expected maximum scores of 25, which is 21.5258 and 20.2105 respectively. When the mean score of the

results for each dimension is divided into the corresponding number of constructs, all dimensions have a score of greater than four. Assurance has the highest mean of 4.49, followed by Reliability 4.35, Responsiveness 4.31, Tangibles 4.14 & empathy 4.04.

**Table 4.3. One-Sample Statistics**

	N	Mean	Std. Deviation	Std. Error Mean	Mean
Tangibles	303	16.5612	2.21553	.22380	4.14
Reliability	303	17.4184	1.98927	.20095	4.35
Responsiveness	303	21.5258	2.89789	.29424	4.31
Empathy	303	20.2105	2.83179	.29054	4.04
Assurance	303	17.9794	1.88734	.19163	4.49

Own survey, 2014

Therefore, with this analysis the quality of United Bank S.C's service have been measured and one can infer that United Bank S.C. is offering a high level of service quality. Thus the researcher have answered the first research question of the level of service quality offered by United Bank S.C.

#### 4.6 CUSTOMER SATISFACTION

To see the levels of customer satisfaction in the United Bank Share Company, the researcher used categorized satisfaction level i.e., ranges from highly dissatisfied, Dissatisfied, Neutral, satisfied and, highly satisfied. This customer satisfaction variable is also used as dependent variable in this study. Since service quality is a vital antecedent of customer satisfaction (Cronin and Taylor, 1992), the researcher investigates the association and effect of service quality dimensions with customer satisfaction. The table below shows the respondents for their level of satisfaction for each predictor variables, assuming that 1,2,3,4 and 5 represent very dissatisfied, somewhat dissatisfied, neutral, somewhat satisfied and very satisfied respectively. Besides the degree of their correlation , the regressive effect is discussed on the coming pages.

**Table 4.4. Customer Satisfaction level**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 2 Somewhat Dissatisfied	6	2.0	2.0	2.0
4 Somewhat Satisfied	141	46.5	46.5	48.5
5 Very satisfied	156	51.5	51.5	100.0
Total	303	100.0	100.0	

Own survey, 2014

The percentage value of satisfaction as can be seen it is very high with 46.5% somewhat satisfied and 51.5% very satisfied and only 2% somewhat dissatisfied. Therefore, it can be inferred that the bank is doing well.

#### **4.7 CORRELATION ANALYSIS BETWEEN SERVICE QUALITY DIMENSIONS AND CUSTOMER SATISFACTION**

To determine the existence and level of association, the researcher used bivariate correlation from which Pearson's correlation coefficient is considered. Pearson's correlation coefficient falls between -1.0 and +1.0, indicates the strength and direction of association between the two variables. (Field, 2005) The Pearson's correlation coefficient ( $r$ ) was used to conduct the correlation analysis to find the level and direction of the relationships between the dimensions of service quality and customer satisfaction. It was also used to rank the variables that have the strongest associations with customer satisfaction. The classification of the correlation efficient ( $r$ ) is as follows: 0.1 – 0.29 is weak; 0.3 – 0.49 is moderate; and  $> 0.5$  is strong. (Field, 2005) The bivariate correlation of a two-tailed test confirm the presence of statistically significant difference at probability level  $p < 0.05$  i.e. assuming 95% confidence interval on statistical analysis.

The Pearson correlation Analysis shown the service quality indicator variables were significantly (statistically) and positively correlated with Overall customer satisfaction. Accordingly, Responsiveness followed by empathy have the strong positive relationship with customer satisfaction at ( $r=0.538$ ) & ( $r=0.523$ ) respectively. The rest of the dimensions; Assurance, Tangibles & Reliability have a moderate positive correlation with customer satisfaction of ; ( $r=0.404$ ), ( $r=0.374$ ) & ( $r=0.328$ ) respectively. That means, all the service quality indicators have positive correlation effect upon the level of customer satisfactions though there degree of effect vary.



**Table 4.5. Correlations**

		Satisfaction Level	Tangibles	Reliability	Responsiveness	Empathy	Assurance
Satisfaction Level	Pearson Correlation	1					
	Sig. (2-tailed)						
	N	303					
Tangability	Pearson Correlation	.374**	1				
	Sig. (2-tailed)	.000					
	N	98	98				
Reliability	Pearson Correlation	.328**	.511**	1			
	Sig. (2-tailed)	.001	.000				
	N	98	95	98			
Responsiveness	Pearson Correlation	.538**	.471**	.585**	1		
	Sig. (2-tailed)	.000	.000	.000			
	N	97	95	94	97		
Empathy	Pearson Correlation	.523**	.421**	.525**	.585**	1	
	Sig. (2-tailed)	.000	.000	.000	.000		
	N	95	92	92	91	95	
Assurance	Pearson Correlation	.404**	.488**	.591**	.544**	.584**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	97	94	95	93	92	97

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

#### Own survey, 2014

Hence, in all the cases as the correlation statistics confirms the presence of positive relationships to customer satisfaction which is significant even at the  $p < 0.01$  level. From this we can infer that an improvement in any of the service quality dimensions by the bank will result in the increase in customer satisfaction. Moreover, the inter-correlations between service quality dimensions also show a positive and significant relationship. Therefore when the bank makes changes to one service quality dimension the association is likely to positively motivate other service quality dimensions positively too. The highest inter-correlation exists between reliability and assurance ( $r=0.591$ ), responsiveness and reliability ( $r=0.585$ ) and responsiveness and empathy ( $r=0.585$ ). With this the researcher found out that all the dimensions have a positive relationship with customer satisfaction and answered the second research question of whether there was a relationship between service quality dimensions and customer satisfaction. This has the

implication for the bank to focus on the dimensions with the highest correlation, that is responsiveness and empathy. But does not exactly inform the bank on the exact amount of investment it has to make to acquire a desired amount of change in customer satisfaction. Hence, regression analysis was done to assist management of the bank and also prove the hypothesis made.

#### **4.8 REGRESSION ANALYSIS**

The researcher tested the five hypothesis set out to be tested at the beginning based on the regression analysis. The researcher believes that the bank can use the result of the regression analysis for future decision making via identifying which service quality dimension got the highest effect on customer satisfaction. This will answer the third research question of this study. ‘What is the dominant service quality dimension that has strong relation with customer satisfaction in United Bank S.C.?’

Collinearity test was performed, Collinearity Statistics gives two values—Tolerance and VIF (variance inflation factor). As one can see Tolerance is just the inverse of VIF. In social sciences re- search, a VIF value as high as 10 is considered to be acceptable. In turn, tolerance values greater than 0.1 have very serious collinearity effects. (Gaur & Gaur, 2009) Therefore, variables like Tangibles, Reliability, Responsiveness, Empathy, and Assurance were selected and included in the regression analysis.(see appendix 3)

##### **4.8.1. TANGIBLES**

The result of regression analysis on the independent variable (tangibles) with the dependent variable (customer satisfaction) indicates existence of positive and statistically significant relationship between them. Table 4.8,1.(a) depicts that the independent variable tangibles alone explain 14.00% ( $R^2 = .140$ ) of variation in the customer satisfaction. This shows that there are other variables which can influence the customer satisfaction level of United Bank S.C.

**Table 4.8.1. (a) Model summary of tangibles**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.374 <sup>a</sup>	.140	.131	.571

a. Predictors: (Constant), Tangibles

Own survey, 2014

**Table 4.8.1. (b) Tangible Coefficients**

Model		Un-standardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.759	.437		6.307	.000
	Tangibles	.103	.026	.374	3.946	.000

a. Dependent Variable: Satisfaction Level of Customer Satisfaction

Own survey, 2014

The beta value on the coefficient table indicate, the more the bank spent on the tangible dimension, to improve the Physical facilities, equipment, and appearance of personnel, the more the customer is satisfied. Hence, if assumed other things being constant and tangibles increased by one unit, it increases customer satisfaction by 0.103.

### HYPOTHESIS TESTING (H1)

**H1o: Tangibles does not have a significant impact on customer satisfaction in United Bank's branches in Addis Ababa.**

**H1a: Tangibles has a significant impact on customer satisfaction in United Bank's branches in Addis Ababa.**

**Table 4.8.1.(c) Tangible ANOVA**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	5.081	1	5.081	15.569	.000 <sup>a</sup>
	Residual	31.328	96	.326		
	Total	36.408	97			

a. Predictors: (Constant), Tangibles

b. Dependent Variable: Satisfaction Level of Customer Satisfaction

Own survey, 2014

Since the significance result on the ANOVA table is 0.000 which is  $p < 0.05$ , the regression analysis proved the presence of positive/ direct association between Tangibles and customer satisfaction. Therefore, the regression outcome agreed to accept the alternative hypothesis “Tangibles have a significant impact on customer satisfaction in United Bank’s branches in Addis Ababa” and lead to the rejection of the null hypothesis.

#### 4.8.2. RELIABILITY

The result of regression analysis on the independent variable (reliability) with the dependent variable (customer satisfaction) indicates existence of positive and statistically significant relationship between them. Table 4.8.2.(a) depicts that the independent variable explain 10.70% ( $R^2 = .107$ ) of variation in the customer satisfaction.

Table 4.8.2.(a) Model summary for Reliability

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.328 <sup>a</sup>	.107	.098	.582

a. Predictors: (Constant), Reliability

Own survey, 2014

Table 4.8.2.(b) Reliability Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.711	.521		5.207	.000
	Reliability	.101	.030	.328	3.400	.001

a. Dependent Variable: Satisfaction Level of Customer Satisfaction

Own survey, 2014

The beta value on the coefficient table indicate, the more the bank spent on the reliability dimension, to improve the ability to of employees to perform service dependably and accurately, the more the customer is satisfied.. Hence, if assumed other things being constant and reliability increased by one unit, it increases customer satisfaction by 0.101.

## HYPOTHESIS TESTING (H2)

**H2o:** *Reliability does not have a significant impact on customer satisfaction in United Bank's branches in Addis Ababa.*

**H2a:** *Reliability has a significant impact on customer satisfaction in United Bank's branches in Addis Ababa.*

**Table 4.8.2(c) Reliability ANOVA<sup>b</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.913	1	3.913	11.560	.001 <sup>a</sup>
	Residual	32.495	96	.338		
	Total	36.408	97			

a. Predictors: (Constant), Reliability

b. Dependent Variable: Satisfaction Level of Customer Satisfaction

**Own survey, 2014**

Since the regression result on the ANOVA table is  $p = 0.001$  which is  $p < 0.05$ , the regression analysis proved the presence of significant positive/ direct association between Reliability and customer satisfaction. Therefore, the regression outcome agreed to accept the alternative hypothesis "*Reliability has a significant effect on customer satisfaction in United Bank's branches in Addis Ababa*" and lead to the rejection of the null hypothesis.

### 4.8.3. Responsiveness

The result of regression analysis on the independent variable (responsiveness) with the dependent variable (customer satisfaction) indicates existence of positive and statistically significant relationship between them. Table 4.8.3.(a) depicts that the independent variable explain 28.9% ( $R^2 = .289$ ) of variation in the customer satisfaction. This shows that responsiveness have a high level effect on customer satisfaction.

**Table 4.8.3. (a) Model summary for Responsiveness**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.538 <sup>a</sup>	.289	.281	.520

a. Predictors: (Constant), Responsiveness

**Own survey, 2014**

Table 4.8.3.(b) Responsiveness Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.023	.398		5.081	.000
	Responsiveness	.114	.018	.538	6.214	.000

a. Dependent Variable: Satisfaction Level of Customer Satisfaction  
Own survey, 2014

The beta value on the coefficient table indicate, the more the bank spent on the ability of employees to provide prompt service and be willing to help customers, the more the customer is satisfied. Hence, if assumed other things being constant and responsiveness increased by one unit, it increases customer satisfaction by 0.114. The result show that human aspect of interacting is more important to customers.

### HYPOTHESIS TESTING (H3)

***H3o: Responsiveness does not have a significant impact on customer satisfaction in United Bank's branches in Addis Ababa.***

***H3a: Responsiveness have a significant impact on customer satisfaction in United Bank's branches in Addis Ababa.***

Table 4.8.3.(c) Responsiveness ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	10.457	1	10.457	38.609	.000 <sup>a</sup>
	Residual	25.729	95	.271		
	Total	36.186	96			

a. Predictors: (Constant), Responsiveness

b. Dependent Variable: Satisfaction Level of Customer Satisfaction  
Own survey, 2014

Since the significance result on the ANOVA table is 0.000 which is  $p < 0.05$ , the regression analysis proved the presence of positive/ direct effect that responsiveness has on customer satisfaction. Therefore, the regression outcome agreed to accept the alternative hypothesis

“Responsiveness has a significant impact on customer satisfaction in United Bank’s branches in Addis Ababa” and lead to the rejection of the null hypothesis. Responsiveness has the highest  $R^2$  from all of the dimensions.

#### 4.8.4. Empathy

The result of regression analysis on the independent variable (empathy) with the dependent variable (customer satisfaction) indicates existence of positive and statistically significant relationship between them. Table 4.8.4 (a) depicts that the independent variable explain 27.40% ( $R^2 = .274$ ) of variation in the customer satisfaction. This shows that empathy has a high effect on customer satisfaction and that the bank should invest more on the indicator variables of this dimension.

Table 4.8.4. (a) Model summary for Empathy

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.523 <sup>a</sup>	.274	.266	.527

a. Predictors: (Constant), Empathy

Own survey, 2014

Table 4.8.4. (b) Empathy Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.164	.392		5.521	.000
	Empathy	.114	.019	.523	5.921	.000

a. Dependent Variable: Satisfaction Level of Customer Satisfaction

Own survey, 2014

The beta value on the coefficient table indicate, the more the bank improve on the empathy dimension, to improve the caring and individual attention provided to customers, the more the customer is satisfied. Hence, if assumed other things being constant and empathy increased by one unit, it increases customer satisfaction by 0.114.

### HYPOTHESIS TESTING (H4)

*H4o: Empathy does not have a significant impact on customer satisfaction in United Bank's branches in Addis Ababa.*

*H4a: Empathy has a significant impact on customer satisfaction in United Bank's branches in Addis Ababa.*

ANOVA<sup>b</sup>

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	9.752	1	9.752	35.058	.000 <sup>a</sup>
	Residual	25.869	93	.278		
	Total	35.621	94			

a. Predictors: (Constant), Empathy

b. Dependent Variable: Satisfaction Level of Customer Satisfaction

Own survey, 2014

Since the significance result on the ANOVA table is 0.000 which is  $p < 0.05$ , the regression analysis proved the presence of a significant positive/ direct association between empathy and customer satisfaction. Therefore, the regression outcome agreed to accept the alternative hypothesis “*Empathy has a significant impact on customer satisfaction in United Bank's branches in Addis Ababa*” and lead to the rejection of the null hypothesis.

#### 4.8.5. Assurance

The result of regression analysis on the independent variable (assurance) with the dependent variable (customer satisfaction) indicates existence of positive and statistically significant relationship between them. Table 4.8.5(a) depicts that the independent variable explain 16.30% ( $R^2 = .163$ ) of variation in the customer satisfaction.



**Table 4.8.5. (a) Model summary for Assurance**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.404 <sup>a</sup>	.163	.154	.565

a. Predictors: (Constant), Assurance

Own survey, 2014

The beta value on the coefficient table indicate, the more the bank spent on the employee's knowledge, courtesy and ability to convey trust and confidence, the more the customer is satisfied. Hence, if assumed other things being constant and assurance increased by one unit, it increases customer satisfaction by 0.131.

**Table 4.8.5. (b) Assurance Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.111	.552		3.825	.000
Assurance	.131	.031	.404	4.306	.000

a. Dependent Variable: Satisfaction Level of Customer Satisfaction

Own survey, 2014

### HYPOTHESIS TESTING (H5)

**H50:** Assurance does not have a significant impact on customer satisfaction in United Bank's branches in Addis Ababa.

**H5a:** Assurance has a significant impact on customer satisfaction in United Bank's branches in Addis Ababa

**ANOVA<sup>b</sup>**

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	5.908	1	5.908	18.538	.000 <sup>a</sup>
Residual	30.277	95	.319		
Total	36.186	96			

**ANOVA<sup>b</sup>**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	5.908	1	5.908	18.538	.000 <sup>a</sup>
	Residual	30.277	95	.319		
	Total	36.186	96			

a. Predictors: (Constant), Assurance

b. Dependent Variable: Satisfaction Level of Customer Satisfaction

Since the regression result on the ANOVA table is 0.000 which is  $p < 0.05$ , the regression analysis proved the presence of positive/ direct association between Assurance and customer satisfaction. Therefore, the regression outcome agreed to accept the alternative hypothesis “Assurance has a significant effect on customer satisfaction in United Bank’s branches in Addis Ababa” and lead to the rejection of the null hypothesis.

In conclusion all the dimensions of SERVPERF have a statistically significant impact on customer satisfaction. Hence, all the alternate hypothesis are accepted. The  $R^2$  result is the highest for two of the dimensions is Responsiveness 0.289 and empathy (0.279). followed by Assurance (0.163), Tangibles (0.140) and Reliability (0.107)

#### 4.9. OVERALL REGRESSION ANALYSIS

The result of regression analysis on the independent variables (tangibles, reliability, responsiveness, empathy and assurance) with the dependent variable (customer satisfaction) indicates existence of positive and statistically significant relationship between them. Table 4.9 (a) depicts that the independent variables all together explain 40.40% ( $R^2 = .404$ ) of variation in the customer satisfaction.

**4.9.(a) Model Summary for SERVPERF**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.635 <sup>a</sup>	.404	.365	.501

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

Own survey, 2014

4.9.(b) Coefficients table for SERVPERF MODEL

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.404	.600		2.340	.022
Tangibles	.034	.029	.125	2.169	.014
Reliability	.032	.040	.193	2.196	.003
Responsiveness	.079	.025	.373	3.098	.001
Empathy	.075	.027	.324	2.738	.008
Assurance	.073	.041	.218	2.837	.011

a. Dependent Variable: Satisfaction Level of Customer Satisfaction

Own survey, 2014

Therefore, regression equation from Table 4.9.(b) for the SERVPERF model will be

$$Y = a + bx_1 + bx_2 + bx_3 \dots$$

$$CS = 1.404 + 0.034TAN + 0.032REL + 0.079RES + 0.075EMP + 0.073ASS$$

Where

CS= Customer satisfaction

TAN= Tangibles

REL= Reliability

RES = Responsiveness

EMP= Empathy

ASS= Assurance

#### HYPOTHESIS TESTING (H6)

*H60: SERVPERF dimension does not have a significant impact on customer satisfaction in United Bank's branches in Addis Ababa.*

*H5a: SERVPERF dimension has a significant impact on customer satisfaction in United Bank's branches in Addis Ababa.*

4.9.(C) SERVPERF MODEL ANOVA<sup>b</sup>

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	13.276	5	2.655	10.558	.000 <sup>a</sup>
Residual	19.616	78	.251		
Total	32.893	83			

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

a. Dependent Variable: Satisfaction Level of Customer Satisfaction

Since the regression result on the ANOVA table is 0.000 which is  $p < 0.05$ , the regression analysis proved the presence of positive/ direct association between SERVPERF dimension and customer satisfaction. Therefore, the regression outcome agreed to accept the alternative hypothesis “*SERVPERF dimensions have a significant impact on customer satisfaction in United Bank’s branches in Addis Ababa*” and lead to the rejection of the null hypothesis.

## CHAPTER FIVE

### FINDING, CONCLUSION AND RECOMMENDATIONS

#### 5.1. FINDING

This study used the SERVPERF model by Cronin and Taylor, 1992 to measure the service quality perception of the United Bank S.C. and its relationship with customer satisfaction. Pearson's bivariate correlation found that all the service quality measurement dimensions have positive association with customer satisfaction. Responsiveness showed the highest positive correlation with customer satisfaction ( $r=0.538$ ) and empathy demonstrates the second highest positive correlation ( $r=0.523$ ) with customer satisfaction. Whereas, reliability reveals the least positive correlation with customer satisfaction as compared to the other dimensions ( $r=0.328$ ). The other variables Assurance and Tangibles had correlation coefficient of  $r=0.404$  and  $r=0.374$ .

To test the hypothesis and also find the dominant service quality dimension, the researcher performed a regression analysis. The result of this analysis found that the regression  $R^2$  result which showed the variance explained by each dimension demonstrated that responsiveness explains the highest variance in the customer satisfaction  $R^2 = 0.289$  or 28.9%. Followed by empathy 27.4%, assurance 16.3%, tangibility 14% and reliability 10.7%. The beta value which explains how much customer satisfaction would increase when there is a one unit increase in the independent variable, also shows the beta results in the above order. Followed by this, the overall SERVPERF model regression resulted in a  $R^2 = 40.40\%$  which implies the model explained 40.4% of the variance in customer satisfaction. In addition the ANOVA result found that all the service quality dimensions had a positive impact on customer satisfaction, hence all the alternate hypothesis were accepted.

## 5.2 CONCLUSION

Through using the SERVPERF this performance only measure of service quality, this study successfully ascertained that there is a positive relationship between the service quality measurement dimensions of the SERVPERF model and customer satisfaction. In addition, it found out that the regression model indicated that the five dimensions of SERVQUAL (tangibles, reliability, responsiveness, empathy, and assurance) explain 40.4% of the variance in customer satisfaction. Responsiveness is the most dominant service quality dimension that affects customer satisfaction. This dimension refers to the willingness to help customers and provide prompt service. The bank customers of the United Bank S.C. believe that the bank employees are responsive to their needs (mean score  $>4$ ), and this responsiveness is very important to the customers since it has a very profound effect on their satisfaction. It has the highest beta value on the regression model of and also the highest positive correlation with customer satisfaction. The descriptive analysis mean score shows that the mean scores for the dimension is  $> 4$ . Therefore the bank is currently doing well on this dimension & should make an effort to maintain it for the future too. Moreover the inter correlation showed that responsiveness is the dimension with the strongest association score with other SERVPERF dimensions. When the bank makes changes to one service quality dimension the association is likely to positively motivate other service quality dimensions positively too. One of the highest inter-correlation exists between responsiveness and reliability ( $r=0.585$ ) and responsiveness and empathy ( $r=0.585$ ). Therefore a reduction in the level of responsiveness will result a considerable consequent decline in empathy and reliability. Hence the bank should keep the level of responsiveness as high as possible. The next dominant factor in service quality measuring dimensions is empathy. This dimension refers to the level of caring and individual attention provided to customers. Service customers often have expectation with regard to the extent to which the service providers appear to understand and be concerned about their individual needs and wants. The more the service providers can see things from the customer's points of view, the better. The core concept of empathy is to understand the needs of customers and provide individual attention. Data shows that empathy is the second dominant service quality dimension. The third largest R square result goes to Assurance, followed by Tangibility and Reliability. Empathy had the lowest mean compared to the other dimensions. However it has the second

highest correlation and regression result. Therefore, the bank has room for improvement that could be rewarding.

The mean results of all the dimensions shows that the customers of United Bank S.C. are somewhat satisfied or satisfied with the bank but when the regression model was computed, the service quality explained only 40.4% of the variance therefore this implies that there are other factors outside of service that affect the satisfaction of customers.

### **5.3. RECOMMENDATIONS**

This study has shown the relationship among the service quality dimensions and customer satisfaction of United Bank S.C.. Since the study confirm the five dimensions of service quality are positively correlated with the bank customer satisfaction, the bank should give strong emphasis to all the service quality dimensions in maintaining and improving the service quality the bank provides.

However, among these service quality dimensions, responsiveness shows the highest positive correlation with customer satisfaction in the current study. Hence the bank should work on all the indicators in this dimension i.e. increase the number of employees, be as prompt as possible, tell customers when service will be performed and be willing to help customers & answer their questions. The management can use training programs to train employees act on this indicators. The second dominant factor is empathy. Since the mean score shows the lowest from all the dimensions, while it has high R square results show high result. The customers are not getting what they want therefore the bank can make improvements on this are via giving individual attention to customers' and be attentive to their needs on areas of branch accessibility, convenience of operating hours and generally look at things from the customers point of view. The bank should also look at all the other dimensions along with their respective measurement indicators to improve and work on the current level of satisfaction.

#### **5.4. IMPLICATIONS FOR FURTHER RESEARCH**

This study measured the overall service quality of United Bank S.C and its relationship with customer satisfaction. However, the SERVPERF dimensions explained only 40.4% of the variance while the customer satisfaction level frequency results show the customers are highly satisfied. Therefore, the reasons for their satisfaction must be due to other factors. Further research on these area might find other customer satisfaction factors not covered by this study. A possible suggestion of other factors the customer satisfaction might be determined by are the loan and international banking operations.



## Reference

- Augustine, M. and Ho, S.K. (1998). Service quality and tourism. Journal of Travel Research, Vol. 37 No. 1, pp. 71-6.
- Clow, Kenneth & Kurtz, David (2003). Service Marketing. 2<sup>nd</sup> edition; New Delhi: Himal Impressions, 168, Raja Garden
- Cronin, J.J. Jr and Taylor, S.A. (1992). Measuring service quality: a reexamination and extension. Journal of Marketing, Vol. 56 July, pp. 55-68.
- Cronin, J.J. Jr and Taylor, S.A. (1994). SERVPERF versus SERVQUAL: reconciling performance based and perceptions-minus-expectations measurement of service quality. Journal of Marketing, Vol. 58, pp. 125-31.
- Cochran W.G., (1963). Sampling Techniques, Second Edition, New York, Wiley
- Deribie E., (2012). The Effects of Post 1991 Era financial sector deregulations in Ethiopia: An Inspirational guide for agribusiness. Basic Research Journal of Agricultural Science and Review Vol. 1(4) pp. 81-87
- Field, A. (2005). Discovering statistics using SPSS. 2<sup>nd</sup> edition; London, Sage.
- Gaur, Ajai S. and Gaur, Sanjaya S. (2009). Statistical Methods for Practice and Research, 2<sup>nd</sup> edition; New Delhi: Response Books,
- Gill, L. and White, L. (2009). A critical review of patient satisfaction. Leadership in Health Services, Vol. 22 No. 1, pp. 8-19.
- Gotlieb, J.B., Grewal, D. and Brown, S.W. (1994). Consumer satisfaction and perceived quality: complementary or divergent constructs?. Journal of Applied Psychology, Vol. 79 No. 6, pp. 875-85.
- Hoffman, K.D., & Bateson, J.E.G. (2001). Essentials of Service Marketing. The Dryden Press, Hinsdale, IL.
- Jones, P. and Lockwood, A. (1989). The Management of Hotel Operations. London: Cassell Education Limited.
- Juran, J.M. (1979). Quality Control Handbook. New York, NY: McGraw-Hill.
- Kiyota, Kozo, Barbara Peitsch, and Robert M. Stern, The Case for Financial Sector Liberalization in Ethiopia, Research Seminar in International Economics,

University of Michigan, Working Paper  
565: <http://www.fordschool.umich.edu/rsie/>

Kotler, Philip (2003): Marketing Management. 10th edition; New Jersey: Prentice-Hall.

Kotler, P., Armstrong, G., Saunders, J. and Wong, V. (2002). Principles of Marketing. London: Prentice Hall.

Kang, G.D. and James, J. (2004). Service quality dimensions: an examination of Gro'nroos's service quality model. Managing Service Quality, Vol. 12 No. 4, pp. 266-80.

Kothari, C.R. (2004). Research Methodology. New Delhi: New Age International (P) Limited Publishers

Lovelock, C. and Wright, L. (1999). Principles of service marketing and management. London, Prentice Hall.

Lovelock, Christopher (2001). Services Marketing: People, Technology, Strategy, 4<sup>th</sup> ed. Pearson Education.

Llusar, J.C.B. and Zornoza, C.C. (2000). Validity and reliability in perceived quality measurement models: an empirical investigation in Spanish ceramic companies. International Journal of Quality & Reliability Management, Vol. 17 No. 8, pp. 899-918.

LeBlanc G. and Nguyen N., (1988). Customers' Perceptions of Service Quality in Financial Institutions. International Journal of Bank Marketing, 6, no. 4: 7-18.

Oliver, R.L. (1997). Satisfaction: A Behavioral Perspective on the Consumer. New York, NY: McGraw Hill.

Mauri, Arnaldo, The Ethiopian Banking System, G. Dell'Amore, ed., Cariplo – Finafrica, Milan, p70., 611971. Available at SSRN: <http://ssrn.com/abstract=959354>

Manshor Amat Taap and Siong Choy Chong, Mukesh Kumar, Tat Kee Fong (2011). Measuring service quality of conventional and Islamic banks: a comparative analysis. International Journal of Quality & Reliability

Management Vol. 28 No. 8, pp. 822-840 q Emerald Group Publishing Limited  
0265-671X

Naceur Jabnoun and Hussein A. Hassan Al-Tamimi (2003). Measuring perceived service quality at UAE commercial banks. International Journal of Quality & Reliability Management, Vol. 20 No. 4, pp. 458-472

Necmi Kemal Avkiran (1996). Developing an Instrument to Measure Customer Service Quality in Banking. International Journal of Bank Marketing, 12, no. 6: 10—18.

Nunally, C.J. (1978), Psychometric Theory, McGraw-Hill, New York, NY.

Oakland, J.S. (1989). Total Quality Management. Oxford: Butterworth-Heinemann.

Owen, B. and Malkovich, P. (1995). Understanding the Value of ISO9000. TN Knoxville: SPC Press.

Parasuraman, A., Zeithaml, V.A. and Berry, L. (1985). A conceptual model of service quality and its implications for future research. Journal of Marketing, Vol. 49, Autumn, pp. 41-50.

Parasuraman, A., Zeithaml, V.A. and Berry, L.L. (1988). SERVQUAL: a multiple-item scale for measuring customer perceptions of service quality. Journal of Retailing, Vol. 64, Spring, pp. 12-40.

Parasuraman, A., Zeithaml, V.A. and Berry, L. (1991), Refinement and reassessment of the SERVQUAL scale. Journal of Retailing, Vol. 67 No. 4, pp. 420-50.

Quester, P., Wilkinson, J.W. and Romaniuk, S. (1995). A test of four service quality measurement scales: the case of the Australian advertising industry. Working Paper 39, Centre de Recherche et d'Etudes Appliquees, Group esc Nantes Atlantique, Graduate School of Management, Nantes.

US Library of Congress: <http://countrystudies.us/ethiopia/82.htm>

Valarie A. Zeithaml, A. Parasuraman, and Leonard L. Berry (1990). Delivering Quality Service: Balancing Customer Perceptions and Expectations. New York: The Free Press.

Valarie A. Zeithaml, Leonard L. Berry, and A. Parasuraman, (1993). The Nature and Determinants of Customer Expectations of Service. Journal of the Academy of Marketing Science, 21, no. 1: 1-12

Wu, C. H. J. 2007. The impact of customer-to-customer interaction and customer homogeneity on customer satisfaction in tourism service—The service encounter prospective. Tourism Management, 28 (2007), 1518–1528.

Zeithaml Valerie A & Bitner Mary Jo., (2000). Services Marketing: Integrated Customer focus across the Firm. 2<sup>nd</sup> ed. New York: McGraw-Hill.

[www.unitedbank.com.et](http://www.unitedbank.com.et).

[www.nbe.gov.et](http://www.nbe.gov.et)

# **Appendix A**

**(Amharic Questionnaire)**



## አዲስ አበባ ዩኒቨርሲቲ ንግድ ስራ ት/ቤት የገበያ ስራ አመራር ክፍል

የ አገልግሎት አሰጣጥ ጥራት እና ከ ደንበኞች እርካታ ጋር ያለውን ግንኙነት የሚለካ ጥናት

ይህ ጥናት በአዲስ አበባ ዩኒቨርሲቲ ንግድ ስራ ት/ቤት በገበያ ስራ አመራር የድህረ ምረቃ ዲግሪ ማሟያ ነው። ጥናቱ ለትምህርት ጉዳይ ብቻ የሚውል ነው። የመጠይቁ አላማ ሕብረት ባንክ አ.ማ. የሚሰጠውን አገልግሎት ጥራት መለካት እና ከ ደንበኞች እርካታ ጋር ስላለው ግንኙነት ማጥናት ነው። ስለሆነም ይህችን አጠር ያለች ከ 10 ደቂቃ በላይ የማትፈጅ መጠይቅ ገለልተኛ የሆነ ምላሽዎን በመስጠት እንዲሞሉልኝ በትህትና እጠይቃለሁ። የሚሰጡት ምላሽ ሚስጥራዊነት እንደሚጠበቅ ላረጋግጥሎት እወዳለሁ።

ስለ ትብብር ቅድሚያ አመሰግናለሁ.

### ክፍል አንድ:

#### መመሪያ:

- ስምዎትን መጥቀስ አያስፈልግም
- ትክክል ነው የሚሉትን መልስ ያክብቡ

- |               |                |                       |
|---------------|----------------|-----------------------|
| ሀ. ጾታ         | 1. ወንድ         | 2. ሴት                 |
| ለ. እድሜ        | 1. ከ 18-29 አመት | 2. ከ 30-39 አመት        |
|               | 3. ከ 40-49 አመት | 4. ከ 50 አመት እና በላይ    |
| ሐ. የጋብቻ ሁኔታ   | 1. ያላገባ/ች      | 2. ያገባ/ች              |
|               |                | 3. ሌላ                 |
| መ. የትምህርት ደረጃ | 1. አንደኛ ደረጃ    | 4. የመጀመሪያ ዲግሪ         |
|               | 2. ሁለተኛ ደረጃ    | 5. ሁለተኛ ዲግሪ እና ከዛ በላይ |
|               | 3. ሰርተፍኬት/ዲፕሎማ |                       |

### ክፍል ሁለት: የደንበኞች እይታ

**መመሪያ:** ከዚህ በታች የተዘረዘሩት ስለ ህብረት ባንክ የአገልግሎት ጥራት ያሎትን አመለካከት ይገልጻሉ።

መልስ ሲሰጡ ከቁጥሮቹ አንዱን በማክበብ ይሁን።

- 5 ካክበቡ በህብረት ባንክ የተባለውን አገልግሎት እንደሚያገኙ በጣም ይስማማሉ ማለት ነው።
- 1 ካክበቡ በህብረት ባንክ የተባለውን አገልግሎት እንደሚያገኙ አይስማሙም (አገልግሎትን አያገኙም) ማለት ነው

በመሀከል ካሉት ምርጫዎች አንዱን በመምረጥም የመስማማት ወይም ያለመስማማት ደረጃዎትን ማሳየት ይችላሉ።

Sl.	የአገልግሎት ጥራት መለኪያ ዝርዝሮች	በጭራሽ አልስማማም	አልስማማም	አስተያየት የለኝም	እስማማለሁ	በጣም እስማማለሁ
1	ህብረት ባንክ አ.ማ. አገልግሎቱን ለመስጠት የጊዜውን አዳዲስ ዘመናዊ የሆኑ የስራ መሳሪያዎች እና የጊዜውን አዳዲስ ቴክኖሎጂዎች ይጠቀማል።	1	2	3	4	5
2	ህብረት ባንክ አ.ማ. መገልገያ እቃዎች ለአይን እይታ ሳቢ ናቸው።	1	2	3	4	5
3	ህብረት ባንክ አ.ማ. ሰራተኞች ውብ እና ጽዱ አለባበስ አላቸው።	1	2	3	4	5
4	በህብረት ባንክ አ.ማ. ውስጥ የሚሰጠው አገልግሎት ባንኩ ካለው መገልገያ እቃዎች እና ካለው ቴክኖሎጂ ጋር አብሮ ይሄዳል።	1	2	3	4	5
5	የህብረት ባንክ አ.ማ. ሰራተኞች አገልግሎትን ቃል በገቡሎት ስህተት ይፈጽማሉ።	1	2	3	4	5
6	የህብረት ባንክ አ.ማ. ሰራተኞች ችግር በሚገጥም ጊዜ ለችግር መፍትሄ እንዲያገኙ ጥረት ያደርጋሉ።	1	2	3	4	5
7	በህብረት ባንክ አ.ማ. በሚገለገሉበት ወቅት ሰራተኞች ስህተት ብዙም አያጋጥሞትም።	1	2	3	4	5
8	ህብረት ባንክ አ.ማ. መረጃዎችን በ ትክክል ያስቀምጣል (እስቴትማንት፣ የሂሳብ መጠን፣ አድራሻ)።	1	2	3	4	5
9	ህብረት ባንክ አ.ማ. እርስዎ በሚጠቀሙባቸው ቅርንጫፎች ሁሉ ለፍላጎትዎ ምላሽ የሚሰጡ በቂ የሰራተኞች ብዛት አለው።	1	2	3	4	5
10	የህብረት ባንክ አ.ማ. ሰራተኞች የአገልግሎት ማግኛ ስህተት ይገልጹሎታል።	1	2	3	4	5
11	በህብረት ባንክ አ.ማ. ፈጣን አገልግሎት ይሰጣታል።	1	2	3	4	5
12	የህብረት ባንክ አ.ማ. ሰራተኞች ሁል ጊዜ እርሶን ለመርዳት ፈቃደኞች ናቸው።	1	2	3	4	5
13	የህብረት ባንክ አ.ማ. ሰራተኞች ስራ ቢበዛባቸውም፣ ለጥያቄዎች መልስ ለመስጠት ተባባሪዎች ናቸው።	1	2	3	4	5

Sl.	የአገልግሎት ጥራት መለኪያ ዝርዝሮች					
No		በጭራሽ አልስማማም	አልስማማም	አስተያየት የለኝም	አስማማለሁ	በጣም አስማማለሁ
14	የህብረት ባንክ አ.ማ. ሰራተኞች ለእርሶ የተለየ ትኩረት ይሰጣሉ።	1	2	3	4	5
15	የህብረት ባንክ አ.ማ. የስራ ሰዓት ለእርሶ ተስማሚ ነው።	1	2	3	4	5
16	የህብረት ባንክ አ.ማ. ቅርንጫፎች በአቅራቢያዎት ምቹ በሆኑ ቦታዎች ላይ ይገኛሉ።	1	2	3	4	5
17	የህብረት ባንክ አ.ማ. ፎርምዎች ለመረዳት ቀላል እና ለመሙላት ጊዜ የማይፈጅ ናቸው ( ብር ማስገቢያ፣ ውጫ፣ አካውንት መክፈቻ፣ )።	1	2	3	4	5
18	የህብረት ባንክ አ.ማ. ሰራተኞች የእርሶን ፍላጎት ይረዱሎታል።	1	2	3	4	5
19	እርስዎ የህብረት ባንክ አ.ማ. ሰራተኞች ላይ እምነት ይጥሉባቸዋል።	1	2	3	4	5
20	በህብረት ባንክ አ.ማ. ላይ በሚያካሂዱት ማንኛውም ገንዘብ ነገ እንቅስቃሴ ስጋት አይገባዎትም።	1	2	3	4	5
21	የህብረት ባንክ አ.ማ. ሰራተኞች ሁሌም ለእርሶ ትሁት ናቸው።	1	2	3	4	5
22	የህብረት ባንክ አ.ማ. ሰራተኞች ስራቸውን የመከወን በቂ እውቀት አላቸው።	1	2	3	4	5

**ክፍል ሶስት:**

**መመሪያ:** ስለ ህብረት ባንክ አገልግሎት ያሎት አጠቃላይ ስሜት ምን ይመስላል? መልስ ሲሰጡ ከቁጥሮቹ አንዱን በማክበብ ይሁን።

1. በጭራሽ አልተደሰትኩም
2. ብዙም አልተደሰትኩም
3. አስተያየት የለኝም
4. በመጠኑ ተደስቻለሁ
5. በጣም ተደስቻለሁ

**ጊዜዎትን ወስደው ይህን መጠይቅ ስለሞሉ በጣም አመሰግናለሁ!**



# **APPENDIX B**

**(English Questionnaire)**

Addis Ababa  
University

(Since 1950)



## ADDIS ABABA UNIVERSITY COLLEGE OF COMMERCE MARKETING MANAGEMENT DEPARTMENT

### A SURVEY ON MEASURING SERVICE QUALITY IN RELATIONSHIP TO CUSTOMER SATISFACTION

**To be field by customers who have Account in Addis Ababa Branches of United Bank S.C.**

**Dear Respondents,**

This study is part of a requirement for a Masters Degree in Marketing Management at Addis Ababa University School of Commerce. It has academic purpose only. This questionnaire is designed to measure the service quality of United Bank S.C. and its relationship to customer satisfaction. Therefore please give an honest answer to all the questions. I assure you that the responses will be treated confidentially. This will only take **less than 10 minutes of your valuable time.**

Thank you in advance for your cooperation. (The researcher)

#### **Part One: Personal Information**

##### **Instruction:**

- No need of writing your name
- Please circle the appropriate response category from the choices given.

##### A. Gender

1. Male
2. Female

##### B. Age

1. 18-29 years old
2. 30-39 years old
3. 40-49 Years old
4. 50 years old and above

##### C. Marital Status

1. Single
2. Married
3. Other

##### D. Education Level

1. Primary School
2. Secondary School
3. Certificate/Diploma
4. First degree
5. Second degree and more

## Part Two: Customers' Perception

**Instruction:** The following statement relates to your feeling about the service quality of United Bank S.C.

Please respond by circling the number which best reflects your own perceptions.

**5** means you strongly agree that United Bank S.C. has that feature and

**1** means you strongly disagree

You can choose any of the numbers in the middle that show how strong your feelings are.

Sl.	Statements of Service Quality					
No		Strongly Disagree	Disagree	Neither Agree Nor Disagree	Agree	Strongly Agree
<b>TANGIBLES</b>						
1	United Bank S.C. has up-to-date equipment & technology	1	2	3	4	5
2	United Bank S.C. physical facilities are visually appealing	1	2	3	4	5
3	United Bank S.C. employees are well dressed and appear neat	1	2	3	4	5
4	The appearance of the physical facilities & technology of United Bank S.C. is in keeping with the type of service provided	1	2	3	4	5
<b>RELIABILITY</b>						
5	United Bank S.C. staffs provide service at the time they promise to do so	1	2	3	4	5
6	When you have a problem, United Bank S.C. employees shows a sincere interest in solving it.	1	2	3	4	5
7	United Bank S.C. employees perform service right the first time	1	2	3	4	5
8	United Bank S.C. keeps its records accurately (statements, account balance, and your contact information)	1	2	3	4	5
<b>RESPONSIVENESS</b>						
9	There are always enough number of staff to respond to your needs at the branches of United Bank S.C.	1	2	3	4	5
10	United Bank S.C. employees tell you exactly when the service will be performed.	1	2	3	4	5
11	Employees of United Bank S.C. give you prompt service.	1	2	3	4	5
12	Employees of United Bank S.C. are always willing to help you.	1	2	3	4	5
13	Employees of United Bank S.C. are never too busy to respond to your requests	1	2	3	4	5

Sl.	Statements of Service Quality					
No		Strongly Disagree	Disagree	Neither Agree Nor Disagree	Agree	Strongly Agree
<b>EMPATHY</b>						
14	United Bank S.C. employees give you individual attention.	1	2	3	4	5
15	United Bank S.C. has operating hours convenient to you.	1	2	3	4	5
16	The branches of United Bank S.C. are easily accessible to me	1	2	3	4	5
17	United Bank S.C. forms are easily understandable (withdrawal, deposit, account opening, money transfer, etc(face validity)	1	2	3	4	5
18	Employees of United Bank S.C. understand your specific needs.	1	2	3	4	5
<b>ASSURANCE</b>						
19	You can trust employees of United Bank S.C.	1	2	3	4	5
20	You feel safe in your transactions with United Bank S.C. employees	1	2	3	4	5
21	Employees of United Bank S.C. are consistently polite to you	1	2	3	4	5
22	Employees of United Bank S.C. always possess the necessary information on the requested services provided	1	2	3	4	5

### Part Three: Overall satisfaction

**Instruction:** The following statement relates to your feeling about United Bank S.C. Please respond by circling the number which best reflects your own perceptions.

My feelings towards United Bank S.C.'s services can best be described as,

1. Highly dissatisfied
2. Dissatisfied
3. Newtral
4. Satisfied
5. Highly satisfied

**Thank you for taking time to complete this questionnaire!**

**APPENDIX C**

**(SPSS OUTPUT)**